

2013 -- S 0735

=====
LC01986
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

—————
A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - DUTIES OF PUBLIC UTILITIES
AND CARRIERS

Introduced By: Senators Bates, Sosnowski, Miller, DiPalma, and Lombardi

Date Introduced: March 13, 2013

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 39-2-1.2 of the General Laws in Chapter 39-2 entitled "Duties of
2 Utilities and Carriers" is hereby amended to read as follows:

3 **39-2-1.2. Utility base rate -- Advertising, demand side management and renewables.**

4 – (a) The general assembly finds that the renewable energy development fund is a tool of the
5 economic development corporation to support Rhode Island's economic development by
6 stimulating job growth, attracting and retaining businesses, and promoting the development of
7 new technologies and the green energy sector.

8 ~~(a)~~(b) In addition to costs prohibited in section 39-1-27.4(b), no public utility distributing
9 or providing heat, electricity, or water to or for the public shall include as part of its base rate any
10 expenses for advertising, either direct or indirect, which promotes the use of its product or
11 service, or is designed to promote the public image of the industry. No public utility may furnish
12 support of any kind, direct, or indirect, to any subsidiary, group, association, or individual for
13 advertising and include the expense as part of its base rate. Nothing contained in this section shall
14 be deemed as prohibiting the inclusion in the base rate of expenses incurred for advertising,
15 informational or educational in nature, which is designed to promote public safety conservation of
16 the public utility's product or service. The public utilities commission shall promulgate such rules
17 and regulations as are necessary to require public disclosure of all advertising expenses of any
18 kind, direct or indirect, and to otherwise effectuate the provisions of this section.

1 ~~(b)~~(c) Effective as of January 1, 2008, and for a period of ten (10) years thereafter, each
2 electric distribution company shall include charges per kilowatt-hour delivered to fund demand
3 side management programs and 0.3 mills per kilowatt-hour delivered to fund renewable energy
4 programs. The electric distribution company shall establish and after July 1, 2007, maintain two
5 (2) separate accounts, one for demand side management programs, which shall be administered
6 and implemented by the distribution company, subject to the regulatory reviewing authority of the
7 commission, and one for renewable energy programs, which shall be administered by the
8 economic development corporation pursuant to section 42-64-13.2 and, shall be held and
9 disbursed by the distribution company as directed by the economic development corporation for
10 the purposes of developing, promoting and supporting renewable energy programs.

11 (d) Effective January 1, 2014, twenty percent (20%) of the charges delivered to fund
12 renewable energy programs shall be allocated to the office of energy resources in administering
13 this program for the purposes of developing, promoting and financing renewable energy
14 programs. Administrative funds not expended in any fiscal year shall remain the administrative
15 account to be used as needed in subsequent years. The office of energy resources shall have the
16 ability to apply administrative funds not used in a fiscal year to achieve the purposes of this
17 section. The funds deposited into the administrative funds account shall be exempt from the
18 indirect cost recovery provisions of section 35-4-27. The office of energy resources shall provide
19 annually to the economic development corporation a detailed accounting of this administrative
20 funds account, and this accounting shall be included in the annual financial and performance
21 report of the Rhode Island renewable energy development fund.

22 During the ten (10) year period the commission may, in its discretion, after notice and
23 public hearing, increase the sums for demand side management and renewable resources;
24 thereafter, the commission shall, after notice and public hearing, determine the appropriate charge
25 for these programs. The office of energy resources and/or the administrator of the renewable
26 energy programs may seek to secure for the state an equitable and reasonable portion of
27 renewable energy credits or certificates created by private projects funded through those
28 programs. As used in this section, "renewable energy resources" shall mean: (1) power generation
29 technologies as defined in section 39-26-5, "eligible renewable energy resources", including off-
30 grid and on-grid generating technologies located in Rhode Island as a priority; (2) research and
31 development activities in Rhode Island pertaining to eligible renewable energy resources and to
32 other renewable energy technologies for electrical generation; or (3) projects and activities
33 directly related to implementing eligible renewable energy resources projects in Rhode Island.
34 Technologies for converting solar energy for space heating or generating domestic hot water may

1 also be funded through the renewable energy programs. Fuel cells may be considered an energy
2 efficiency technology to be included in demand sided management programs. Special rates for
3 low-income customers in effect as of August 7, 1996 shall be continued, and the costs of all of
4 these discounts shall be included in the distribution rates charged to all other customers. Nothing
5 in this section shall be construed as prohibiting an electric distribution company from offering
6 any special rates or programs for low-income customers which are not in effect as of August 7,
7 1996, subject to the approval by the commission.

8 (1) The renewable energy investment programs shall be administered pursuant to rules
9 established by the economic development corporation. Said rules shall provide transparent criteria
10 to rank qualified renewable energy projects, giving consideration to:

- 11 (i) the feasibility of project completion;
- 12 (ii) the anticipated amount of renewable energy the project will produce;
- 13 (iii) the potential of the project to mitigate energy costs over the life of the project; and
- 14 (iv) the estimated cost per kilo-watt hour (kwh) of the energy produced from the project.

15 ~~(e)~~(e) [Deleted by P.L. 2012, ch. 241, section 14_.

16 ~~(f)~~(f) The executive director of the economic development corporation is authorized and
17 may enter into a contract with a contractor for the cost effective administration of the renewable
18 energy programs funded by this section. A competitive bid and contract award for administration
19 of the renewable energy programs may occur every three (3) years and shall include as a
20 condition that after July 1, 2008 the account for the renewable energy programs shall be
21 maintained and administered by the economic development corporation as provided for in
22 subdivision (b) above.

23 ~~(g)~~(g) Effective January 1, 2007, and for a period of eleven (11) years thereafter, each
24 gas distribution company shall include, with the approval of the commission, a charge per deca
25 therm delivered to demand side management programs, including, but not limited to, programs
26 for cost-effective energy efficiency, energy conservation, combined heat and power systems, and
27 weatherization services for low income households.

28 ~~(h)~~(h) The gas company shall establish a separate account for demand side management
29 programs, which shall be administered and implemented by the distribution company, subject to
30 the regulatory reviewing authority of the commission. The commission may establish
31 administrative mechanisms and procedures that are similar to those for electric demand side
32 management programs administered under the jurisdiction of the commissions and that are
33 designed to achieve cost-effectiveness and high life-time savings of efficiency measures
34 supported by the program.

1 ~~(g)~~(i) The commission may, if reasonable and feasible, except from this demand side
2 management charge:

3 ~~(h)~~(1) gas used for distribution generation; and

4 ~~(h)~~(2) gas used for the manufacturing processes, where the customer has established a
5 self-directed program to invest in and achieve best effective energy efficiency in accordance with
6 a plan approved by the commission and subject to periodic review and approval by the
7 commission, which plan shall require annual reporting of the amount invested and the return on
8 investments in terms of gas savings.

9 ~~(h)~~(j) The commission may provide for the coordinated and/or integrated administration
10 of electric and gas demand side management programs in order to enhance the effectiveness of
11 the programs. Such coordinated and/or integrated administration may after March 1, 2009, upon
12 the recommendation of the office of energy resources, be through one or more third-party entities
13 designated by the commission pursuant to a competitive selection process.

14 ~~(h)~~(k) Effective January 1, 2007, the commission shall allocate from demand-side
15 management gas and electric funds authorized pursuant to this section 39-2-1.2, an amount not to
16 exceed two percent (2%) of such funds on an annual basis for the retention of expert consultants,
17 and reasonable administrations costs of the energy efficiency and resources management council
18 associated with planning, management, and evaluation of energy efficiency programs, renewable
19 energy programs, system reliability least-cost procurement, and with regulatory proceedings,
20 contested cases, and other actions pertaining to the purposes, powers and duties of the council,
21 which allocation may by mutual agreement, be used in coordination with the office of energy
22 resources to support such activities.

23 ~~(h)~~(l) Effective January 1, 2013, the commission shall annually allocate from the
24 administrative funding amount allocated in (i) from the demand-side management program as
25 described in subsection (i) as follows: sixty percent (60%) for the purposes identified in
26 subsection (i) and forty percent (40%) annually to the office of energy resources for activities
27 associated with planning management, and evaluation of energy efficiency programs, renewable
28 energy programs, system reliability, least-cost procurement, and with regulatory proceedings,
29 contested cases, and other actions pertaining to the purposes, powers and duties of the office of
30 energy resources.

31 ~~(h)~~(m) On April 15, of each year the office and the council shall submit to the governor,
32 the president of the senate, and the speaker of the house of representatives, separate financial and
33 performance reports regarding the demand-side management programs, including the specific
34 level of funds that were contributed by the residential, municipal, and commercial and industrial

1 sectors to the overall programs, the businesses, vendors, and institutions that received funding
2 from demand-side management gas and electric funds used for the purposes in section 39-2-1.2;
3 and the businesses, vendors, and institutions that received the administrative funds for the
4 purposes in sections 39-2-1.2~~(k)~~ and 39-2-1.2~~(l)~~. These reports shall be posted electronically
5 on the websites of the office of energy resources and the energy efficiency resources management
6 council.

7 SECTION 2. Section 39-26-7 of the General Laws in Chapter 39-26 entitled "Renewable
8 Energy Standard" is hereby amended to read as follows:

9 **39-26-7. Renewable energy development fund. -- (a) The general assembly finds that**
10 **the renewable energy development fund is a tool of the economic development corporation to**
11 **support Rhode Island's economic development by stimulating job growth, attracting and retaining**
12 **businesses, and promoting the development of new technologies and the green energy sector.**

13 ~~(a)~~(b) There is hereby authorized and created within the economic development
14 corporation a renewable energy development fund for the purpose of increasing the supply of NE-
15 GIS certificates available for compliance in future years by obligated entities with renewable
16 energy standard requirements, as established in this chapter. The fund shall be located at and
17 administered by the Rhode Island economic development corporation in accordance with section
18 42-64-13.2. The economic development corporation shall:

19 Adopt plans and guidelines for the management and use of the fund in accordance with
20 section 42-64-13.2, and

21 ~~(b)~~(c) The economic development corporation shall enter into agreements with obligated
22 entities to accept alternative compliance payments, consistent with rules of the commission and
23 the purposes set forth in this section; and alternative compliance payments received pursuant to
24 this section shall be trust funds to be held and applied solely for the purposes set forth in this
25 section.

26 ~~(c)~~(d) The uses of the fund shall include but not be limited to:

27 (1) Stimulating investment in renewable energy development by entering into
28 agreements, including multi-year agreements, for renewable energy certificates;

29 (2) Establishing and maintaining a residential renewable energy program using eligible
30 technologies in accordance with section 39-26-5;

31 (3) Providing technical and financial assistance to municipalities for interconnection and
32 feasibility studies, and/or the installation of renewable energy projects;

33 (4) Issuing assurances and/or guarantees to support the acquisition of renewable energy
34 certificates and/or the development of new renewable energy sources for Rhode Island;

1 (5) Establishing escrows, reserves, and/or acquiring insurance for the obligations of the
2 fund;

3 (6) Paying administrative costs of the fund incurred by the economic development
4 corporation, the board of trustees, or the office of energy resources, not to exceed ten percent
5 (10%) of the income of the fund, including, but not limited to, alternative compliance payments.
6 All funds transferred from the economic development corporation to support the office of energy
7 resources' administrative costs shall be deposited as restricted receipts.

8 (7) Effective January 1, 2014, allocating twenty percent (20%) of the income of the fund,
9 including, but not limited to, alternative compliance payments, to the office of energy resources
10 in administering this program for the purposes of developing, promoting and financing renewable
11 energy programs. Administrative funds not expended in any fiscal year shall remain in the
12 administrative account to be used as needed in subsequent years. The office of energy resources
13 shall have the ability to apply administrative funds not used in a fiscal year to achieve the
14 purposes of this section. The funds deposited into the administrative funds account shall be
15 exempt from the indirect cost recovery provisions of section 35-4-27. The office of energy
16 resources shall provide annually to the economic development corporation a detailed accounting
17 of this administrative funds account, and this accounting shall be included in the annual financial
18 and performance report of the Rhode Island renewable energy development fund.

19 ~~(d)~~(e) NE-GIS certificates acquired through the fund may be conveyed to obligated
20 entities or may be credited against the renewable energy standard for the year of the certificate
21 provided that the commission assesses the cost of the certificates to the obligated entity, or
22 entities, benefiting from the credit against the renewable energy standard, which assessment shall
23 be reduced by previously made alternative compliance payments and shall be paid to the fund.

24 SECTION 3. This act shall take effect upon passage.

=====
LC01986
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - DUTIES OF PUBLIC UTILITIES
AND CARRIERS

1 This act would require that twenty percent (20%) of the renewable energy program
2 development fund administered by the economic development corporation be allocated annually
3 to the office of energy resources for the purposes of developing, promoting and financing
4 renewable energy programs effective January 1, 2014.

5 This act would take effect upon passage.

=====
LC01986
=====