

2012 -- S 2792

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - PUBLIC UTILITIES COMMISSION

Introduced By: Senators Walaska, Lombardo, Sosnowski, Bates, and McCaffrey

Date Introduced: March 21, 2012

Referred To: Senate Environment & Agriculture

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 39-1-27.7 of the General Laws in Chapter 39-1 entitled "Public  
2 Utilities Commission" is hereby amended to read as follows:

3           **39-1-27.7. System reliability and least-cost procurement.** -- Least-cost procurement  
4 shall comprise system reliability and energy efficiency and conservation procurement as provided  
5 for in this section and supply procurement as provided for in section 39-1-27.8, as complementary  
6 but distinct activities that have as common purpose meeting electrical and natural gas energy  
7 needs in Rhode Island, in a manner that is optimally cost-effective, reliable, prudent and  
8 environmentally responsible.

9           (a) The commission shall establish not later than June 1, 2008, standards for system  
10 reliability and energy efficiency and conservation procurement, which shall include standards and  
11 guidelines for:

12           (1) System reliability procurement, including but not limited to:

13           (i) Procurement of energy supply from diverse sources, including, but not limited to,  
14 renewable energy resources as defined in chapter 26 of this title;

15           (ii) Distributed generation, including, but not limited to, renewable energy resources and  
16 thermally leading combined heat and power systems, which is reliable and is cost-effective, with  
17 measurable, net system benefits;

18           (iii) Demand response, including, but not limited to, distributed generation, back-up  
19 generation and on-demand usage reduction, which shall be designed to facilitate electric customer

1 participation in regional demand response programs, including those administered by the  
2 independent service operator of New England ("ISO-NE") and/or are designed to provide local  
3 system reliability benefits through load control or using on-site generating capability;

4 (iv) To effectuate the purposes of this division, the commission may establish standards  
5 and/or rates (A) for qualifying distributed generation, demand response, and renewable energy  
6 resources; (B) for net-metering; (C) for back-up power and/or standby rates that reasonably  
7 facilitate the development of distributed generation; and (D) for such other matters as the  
8 commission may find necessary or appropriate.

9 (2) Least-cost procurement, which shall include procurement of energy efficiency and  
10 energy conservation measures that are prudent and reliable and when such measures are lower  
11 cost than acquisition of additional supply, including supply for periods of high demand.

12 (b) The standards and guidelines provided for by subsection (a) shall be subject to  
13 periodic review and as appropriate amendment by the commission, which review will be  
14 conducted not less frequently than every three (3) years after the adoption of the standards and  
15 guidelines.

16 (c) To implement the provisions of this section:

17 (1) The commissioner of the office of energy resources and the energy efficiency and  
18 resources management council, either or jointly or separately, shall provide the commission  
19 findings and recommendations with regard to system reliability and energy efficiency and  
20 conservation procurement on or before March 1, 2008, and triennially on or before March 1,  
21 thereafter through March 1, 2017.

22 (2) The commission shall issue standards not later than June 1, 2008, with regard to  
23 plans for system reliability and energy efficiency and conservation procurement, which standards  
24 may be amended or revised by the commission as necessary and/or appropriate.

25 (3) The energy efficiency and resources management council shall prepare by July 15,  
26 2008, a reliability and efficiency procurement opportunity report which shall identify  
27 opportunities to procure efficiency, distributed generation, demand response and renewables,  
28 which report shall be submitted to the electrical distribution company, the commission, the office  
29 of energy resources and the joint committee on energy.

30 (4) Each electrical and natural gas distribution company shall submit to the commission  
31 on or before September 1, 2008, and triennially on or before September 1, thereafter through  
32 September 1, 2017, a plan for system reliability and energy efficiency and conservation  
33 procurement. In developing the plan, the distribution company may seek the advice of the  
34 commissioner and the council. The plan shall include measurable goals and target percentages for

1 each energy resource, pursuant to standards established by the commission, including efficiency,  
2 distributed generation, demand response, combined heat and power, and renewables.

3 (5) The commission shall issue an order approving all energy efficiency measures that  
4 are cost effective and lower cost than acquisition of additional supply, with regard to the plan  
5 from the electrical and natural gas distribution company, and reviewed and approved by the  
6 energy efficiency and resources management council, and any related annual plans, and shall  
7 approve a fully reconciling funding mechanism to fund investments in all efficiency measures  
8 that are cost effective and lower cost than acquisition of additional supply, not greater than sixty  
9 (60) days after it is filed with the commission.

10 (6) Each electrical and natural gas distribution company shall provide a status report,  
11 which shall be public, on the implementation of least cost procurement on or before December  
12 15, 2008, and on or before February 1, 2009, to the commission, the division, the commissioner  
13 of the office of energy resources and the energy efficiency and resources management council  
14 which may provide the distribution company recommendations with regard to effective  
15 implementation of least cost procurement. The report shall include the targets for each energy  
16 resource included in the order approving the plan and the achieved percentage for energy  
17 resource, including the achieved percentages for efficiency, distributed generation, demand  
18 response, combined heat and power, and renewables.

19 (i) Beginning on or before January 1, 2013 each electric distribution company shall, to  
20 the extent eligible projects are available and conforming applications are submitted, fund  
21 investments in at least twenty megawatts (20 MW) of combined heat and power installations at  
22 commercial, institutional or industrial facilities. The distribution company and commission shall  
23 allocate at least fifteen percent (15%) of the demand side management funds collected pursuant to  
24 section 39-2-1.2 to fund combined heat and power installations. Such investments shall be made  
25 to achieve the energy efficient targets established in the triennial plan for system reliability and  
26 energy efficiency and conservation procurement, and shall be included in the distribution  
27 company's 2013 energy efficiency program plan submitted to the commission. In order to  
28 effectuate this provision, the commission shall amend or revise as necessary the standards  
29 adopted pursuant to subdivision (c)(2) of this section no later than September 1, 2012.

30 (d) If the commission shall determine that the implementation of system reliability and  
31 energy efficiency and conservation procurement has caused or is likely to cause under or over-  
32 recovery of overhead and fixed costs of the company implementing said procurement, the  
33 commission may establish a mandatory rate adjustment clause for the company so affected in  
34 order to provide for full recovery of reasonable and prudent overhead and fixed costs.

1           (e) The commission shall conduct a contested case proceeding to establish a performance  
2 based incentive plan which allows for additional compensation for each electric distribution  
3 company and each company providing gas to end-users and/or retail customers based on the level  
4 of its success in mitigating the cost and variability of electric and gas services through  
5 procurement portfolios.

6           SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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RELATING TO PUBLIC UTILITIES AND CARRIERS - PUBLIC UTILITIES COMMISSION

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1           This act would require all electrical distribution companies to fund a percentage of the  
2 investments in twenty megawatts (20 MW) combined heat and power facilities, in order to  
3 achieve the energy efficiency targets, and would require the public utilities commission to amend  
4 or revise its standards accordingly.

5           This act would take effect upon passage.

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