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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - DISTRIBUTED GENERATION
STANDARD CONTRACTS

Introduced By: Representative Thomas Winfield

Date Introduced: February 27, 2014

Referred To: House Environment and Natural Resources

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 39-26.2-3 and 39-26.2-4 of the General Laws in Chapter 39-26.2
2 entitled "Distributed Generation Standard Contracts" are hereby amended to read as follows:

3 **39-26.2-3. Definitions.** -- When used in this chapter, the following terms shall have the
4 following meanings:

5 (1) "Annual target" means the target for total renewable energy nameplate capacity of
6 new distributed generation standard contracts set out in section 39-26.2-3.

7 (2) "Commission" means the Rhode Island public utilities commission.

8 (3) "Board" shall mean the distributed generation standard contract board established
9 pursuant to the provisions of chapter 39-26.2-9, or the office of energy resources. Until such time
10 as the board is duly constituted, the office of energy resources shall serve as the board with the
11 same powers and duties pursuant to this chapter.

12 (4) "Distributed generation contract capacity" means ~~ten percent (10%) of an electric~~
13 ~~distribution company's minimum long term contract capacity under the long term contracting~~
14 ~~standard for renewable energy in section 39-26.1-2, inclusive of solar capacity. The distributed~~
15 ~~generation contract capacity shall be reserved for acquisition by the electric distribution company~~
16 ~~through standard contracts pursuant to the provisions of this chapter~~ a minimum of twenty
17 megawatts (20 MW) of distributed generation projects each calendar year commencing on the
18 effective date of this section through December 31, 2016.

1 (5) "Distributed generation facility" means an electrical generation facility that is a
2 newly developed renewable energy resource as defined in section 39-26.1-2, located in the
3 electric distribution company's load zone with a nameplate capacity no greater than five
4 megawatts (5 MW), using eligible renewable energy resources as defined by section 39-26-5,
5 including biogas created as a result of anaerobic digestion, but, specifically excluding all other
6 listed eligible biomass fuels, and connected to an electrical power system owned, controlled, or
7 operated by the electric distribution company.

8 (6) "Distributed generation project" means a distinct installation of a distributed
9 generation facility. An installation will be considered distinct if it is installed in a different
10 geographical location and at a different time, or if it involves a different type of renewable energy
11 class.

12 (7) "Electric distribution company" means a company defined in subdivision 39-1-2(12),
13 supplying standard offer service, last resort service, or any successor service to end-use
14 customers, but not including the Block Island Power Company or the Pascoag Utility District.

15 (8) "Large distributed generation project" means a distributed generation project that has
16 a nameplate capacity that exceeds the size of a small distributed generation project in a given
17 year, but is no greater than three megawatts (3 MW) nameplate capacity.

18 ~~(9) "Office" means the Rhode Island office of energy resources.~~

19 ~~(10)~~ (9) "Program year" means a calendar year beginning January 1 and ending
20 December 31.

21 ~~(11)~~ (10) "Renewable energy classes" means categories for different renewable energy
22 technologies using eligible renewable energy resources as defined by section 39-26-5. For each
23 program year, the board shall determine the renewable energy classes as are reasonably feasible
24 for use in meeting distributed generation objectives from renewable energy resources and are
25 consistent with the goal of meeting the annual target for the program year. For the program year
26 ending December 31, 2012, there shall be at least four (4) technology classes and at least two (2)
27 shall be for solar generation technology, and at least one shall be for wind. The board may add,
28 eliminate, or adjust renewable energy classes for each program year with public notice given at
29 least sixty (60) days previous to any renewable energy class change becoming effective. For each
30 program year, the board shall set renewable energy class targets for each class established. Class
31 targets are the total program-year target amounts of nameplate capacity reserved for standard
32 contracts for each renewable energy class. The sum of all the class targets shall equal the annual
33 target.

34 ~~(12)~~ (11) "Renewable energy credit" means a New England Generation Information

1 System renewable energy certificate as defined in subdivision 39-26-2(15);

2 ~~(13)~~ (12) "Small distributed generation project" means a distributed generation
3 renewable energy project that has a nameplate capacity within the following: Solar: fifty
4 kilowatts (50 KW) to five hundred kilowatts (500 KW); Wind: fifty kilowatts (50 KW) to one and
5 one-half megawatts (1.5 MW). For technologies other than solar and wind, the board shall set the
6 nameplate capacity size limits, but such limits may not exceed one megawatt. The board may
7 lower the nameplate capacity from year to year for any of these categories, but may not increase
8 the capacity beyond what is specified in this definition. In no case may a project developer be
9 allowed to segment a distributed generation project into smaller sized projects in order to fall
10 under this definition.

11 ~~(14)~~ (13) "Standard contract" means a contract with a term of ~~fifteen (15)~~ twenty (20)
12 years at a fixed rate for the purchase of all capacity, energy, and attributes generated by a
13 distributed generation facility. A contract may have a different term if it is mutually agreed to by
14 the seller and the electric distribution company and it is approved by the commission. The terms
15 of the standard contract for each program year and for each renewable energy class shall be set
16 pursuant to the provisions of this chapter.

17 ~~(15)~~ (14) "Standard contract ceiling price" means the standard contract price for the
18 output of a distributed generation facility which price is approved annually for each renewable
19 energy class pursuant to the procedure established in this chapter, for the purchase of energy,
20 capacity, renewable energy certificates, and all other environmental attributes and market
21 products that are available or may become available from the distributed generation facility.

22 **39-26.2-4. Standard contracts -- Annual targets.** -- (a) To the extent eligible projects
23 are available and submit conforming applications, an electric distribution company shall enter
24 into standard contracts for an aggregate nameplate capacity of at least ~~forty megawatts (40 MW)~~
25 twenty megawatts (20 MW) of distributed generation projects by the end of 2014 through the end
26 of 2016, unless such schedule is extended by the board. ~~The contracting shall be spread over four~~
27 ~~(4) years, based on the annual targets, aggregated to reflect annual targets from prior program~~
28 ~~years, contained in the following four (4) year phased schedule, unless such schedule is adjusted~~
29 ~~by the board in any given year:~~

30 ~~(1) By December 30, 2011: a minimum of five megawatts (5 MW) nameplate;~~

31 ~~(2) By December 30, 2012: a minimum aggregate of twenty megawatts (20 MW)~~
32 ~~nameplate;~~

33 ~~(3) By December 30, 2013: a minimum aggregate of thirty megawatts (30 MW)~~
34 ~~nameplate;~~

1 ~~(4) By December 30, 2014, a minimum aggregate of forty megawatts (40 MW)~~
2 ~~nameplate.~~

3 (b) By October 15, 2011 and each calendar year following until ~~October 15, 2013~~
4 October 15, 2015, the board may recommend to the commission that the annual target for the
5 following program year be adjusted upward to reflect any shortfalls in meeting the previous
6 program year's annual target or to reflect any standard contracts entered into during prior program
7 years that are voided. The board may also recommend to the commission that the annual target
8 for the following program year be adjusted downward by any amounts that the previous program
9 year's annual targets were exceeded by the standard contracts entered into during that program
10 year.

11 (c) The board may, based on market data and other information available to it including
12 pricing for standard contracts received during previous program years, recommend a reduction of
13 the annual target for the upcoming program year where the board determines that market
14 conditions would be likely to produce unfavorably high target pricing for standard contracts
15 during that upcoming program year. In considering such issues, the board may take into account
16 the reasonableness of current pricing and its impact on all electric distribution customers who will
17 be paying for the output for up to twenty (20) years at such prices. The board may recommend
18 and the commission shall authorize an extension of time to achieve the forty megawatt (40 MW)
19 targets, to allow for contracting to occur after ~~2014~~ 2016, if necessary.

20 (d) The electric distribution company must contract for at least ~~forty megawatts (40~~
21 ~~MW)~~ twenty megawatts (20 MW) of nameplate capacity distributed generation projects ~~by the~~
22 ~~end of 2014, each calendar year commencing on the effective date of this act through December~~
23 31, 2016 unless such schedule is extended by the board. The electric distribution company may
24 not be required to contract for more than ~~forty megawatts (40 MW)~~ twenty megawatts (20 MW)
25 or the distributed generation contract capacity, but may do so voluntarily, subject to commission
26 approval.

27 (e) Each year, the board shall file its recommendations relating to the schedule, along
28 with its report and recommendations regarding ceiling prices, for the commission's review and
29 approval as specified in subsection 39-26.2-5(b).

30 (f) Nothing in this chapter shall derogate from the statutory authority of the commission
31 or the division, including, but not limited to, the authority to protect ratepayers from unreasonable
32 rates.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - DISTRIBUTED GENERATION
STANDARD CONTRACTS

- 1 This act would make a number of definitional and time-line changes to the provisions of
- 2 the Distributed Generation Standard Contracts Act.
- 3 This act would take effect upon passage.

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