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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO PUBLIC UTILITIES - RENEWABLE ENERGY STANDARDS

Introduced By: Representatives Ruggiero, Carson, Abney, Handy, and Reilly

Date Introduced: March 02, 2016

Referred To: House Environment and Natural Resources

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 39-26-1, 39-26-2, 39-26-3 and 39-26-7 of the General Laws in
2 Chapter 39-26 entitled "Renewable Energy Standard" are hereby amended to read as follows:

3 **39-26-1. Legislative findings.** -- The General Assembly finds that:

4 (a) The people and energy users of Rhode Island have an interest in having electricity
5 supplied in the state come from a diversity of energy sources including renewable resources and
6 that electricity supplied to the state be displaced by renewable resources;

7 (b) Increased use of renewable energy may have the potential to lower and stabilize
8 future energy costs;

9 (c) Increased use of renewable energy can reduce air pollutants, including carbon dioxide
10 emissions, that adversely affect public health and contribute to global warming;

11 (d) Massachusetts, Connecticut, and other states have established renewable energy
12 standard programs that include renewable thermal technologies to encourage the development of
13 a variety of renewable energy sources;

14 (e) It is in the interest of the people, in order to protect public health and the environment
15 and to promote ~~the general welfare~~ economic development and job creation, to establish a
16 renewable energy standard program to increase levels of electric energy supplied in the state from
17 renewable resources and to displace the consumption of electricity and nonrenewable fuels
18 supplied in the state with renewable energy resources.

19 **39-26-2. Definitions.** -- When used in this chapter:

1 (1) "Alternative compliance payment" means a payment to the Renewable Energy
2 Development Fund of fifty dollars (\$50.00) per megawatt-hour of renewable energy obligation, in
3 2003 dollars, adjusted annually up or down by the consumer price index, which may be made in
4 lieu of standard means of compliance with this statute;

5 (2) "Commission" means the Rhode Island public utilities commission;

6 (3) "Compliance year" means a calendar year beginning January 1 and ending December
7 31, for which an obligated entity must demonstrate that it has met the requirements of this statute;

8 (4) "Customer-sited generation facility" means a generation unit that is interconnected on
9 the end-use customer's side of the retail electricity meter in such a manner that it displaces all or
10 part of the metered consumption of the end-use customer;

11 (5) "Electrical energy product" means an electrical energy offering, including, but not
12 limited to, last resort and standard offer service, that can be distinguished by its generation
13 attributes or other characteristics, and that is offered for sale by an obligated entity to end-use
14 customers;

15 (6) "Eligible biomass fuel" means fuel sources including brush, stumps, lumber ends and
16 trimmings, wood pallets, bark, wood chips, shavings, slash and other clean wood that is not
17 mixed with other solid wastes; agricultural waste, food and vegetative material; energy crops;
18 landfill methane; biogas; or neat bio-diesel and other neat liquid fuels that are derived from such
19 fuel sources;

20 (7) "Eligible renewable energy resource" means resources as defined in § 39-26-5;

21 (8) "End-use customer" means a person or entity in Rhode Island that purchases
22 electrical energy at retail from an obligated entity;

23 (9) "Existing renewable energy resources" means generation units using eligible
24 renewable energy resources and first going into commercial operation before December 31, 1997;

25 (10) "Generation attributes" means the nonprice characteristics of the electrical energy
26 output of a generation unit including, but not limited to, the unit's fuel type, emissions, vintage
27 and policy eligibility;

28 (11) "Generation unit" means a facility that converts a fuel or an energy resource into
29 electrical energy;

30 (12) "NE-GIS" means the generation information system operated by NEPOOL, its
31 designee or successor entity, which includes a generation information database and certificate
32 system, and that accounts for the generation attributes of electrical energy consumed within
33 NEPOOL;

34 (13) "NE-GIS certificate" means an electronic record produced by the NE-GIS that

1 identifies the relevant generation attributes of each megawatt-hour accounted for in the NE-GIS;

2 (14) "NEPOOL" means the New England Power Pool or its successor;

3 (15) "New renewable energy resources" means generation units using eligible renewable
4 energy resources and first going into commercial operation after December 31, 1997; or the
5 incremental output of generation units using eligible renewable energy resources that have
6 demonstrably increased generation in excess of ten percent (10%) using eligible renewable
7 energy resources through capital investments made after December 31, 1997; but in no case
8 involve any new impoundment or diversion of water with an average salinity of twenty (20) parts
9 per thousand or less;

10 (16) "Obligated entity" means a person or entity that sells electrical energy to end-use
11 customers in Rhode Island, including, but not limited to: nonregulated power producers and
12 electric utility distribution companies, as defined in § 39-1-2, supplying standard offer service,
13 last resort service, or any successor service to end-use customers; including Narragansett Electric,
14 but not to include Block Island Power Company as described in § 39-26-7 or Pascoag Utility
15 District;

16 (17) "Off-grid generation facility" means a generation unit that is not connected to a
17 utility transmission or distribution system;

18 (18) "Reserved certificate" means a NE-GIS certificate sold independent of a transaction
19 involving electrical energy, pursuant to Rule 3.4 or a successor rule of the operating rules of the
20 NE-GIS;

21 (19) "Reserved certificate account" means a specially designated account established by
22 an obligated entity, pursuant to Rule 3.4 or a successor rule of the operating rules of the NE-GIS,
23 for transfer and retirement of reserved certificated from the NE-GIS;

24 (20) "Self-generator" means an end-use customer in Rhode Island that displaces all or
25 part of its retail electricity consumption, as metered by the distribution utility to which it
26 interconnects, through the use of a customer-sited generation facility, the ownership of any such
27 facility shall not be considered an obligated entity as a result of any such ownership arrangement;

28 (21) "Small hydro facility" means a facility employing one or more hydroelectric turbine
29 generators and with an aggregate capacity not exceeding thirty (30) megawatts. For purposes of
30 this definition, "facility" shall be defined in a manner consistent with Title 18 of the Code of
31 Federal Regulations, section 92.201 et seq.; provided, however, that the size of the facility is
32 limited to thirty (30) megawatts, rather than eighty (80) megawatts.

33 (22) "Renewable energy resource" means any one or more of the renewable energy
34 resources described in subsection 39-26-5(a) of this chapter.

1 (23) "Useful thermal energy" means energy in the form of direct heat, steam, hot water or
2 other thermal form that is used in production and beneficial measures for heating, cooling,
3 humidity control, process use or other valid thermal end use energy requirements and for which
4 electricity or a nonrenewable fuel would otherwise be consumed.

5 **39-26-3. Purposes.** -- The purposes of this chapter are to define renewable energy
6 resources and to facilitate the development of new renewable energy resources to supply
7 electricity to customers in Rhode Island, the development of alternative energy generating
8 sources with goals of stabilizing long-term energy prices, enhancing environmental quality, and
9 creating jobs in Rhode Island in the renewable energy sector.

10 **39-26-7. Renewable energy development fund.** -- (a) There is hereby authorized and
11 created within the Rhode Island commerce corporation a renewable energy development fund for
12 the purpose of increasing the supply of NE-GIS certificates available for compliance in future
13 years by obligated entities with renewable energy standard requirements and alternative energy
14 standard requirements, as established in this chapter. The fund shall be located at the Rhode
15 Island commerce corporation. The Rhode Island commerce corporation shall:

16 Administer the fund and adopt plans and guidelines for the management and use of the
17 fund in coordination with the office of energy resources and the Rhode Island infrastructure bank,
18 and

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

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

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

27 (2) Establishing and maintaining a residential renewable energy program using eligible
28 technologies in accordance with § 39-26-5;

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

31 (4) Implementing and supporting commercial and residential property assessed clean
32 energy projects;

33 (5) 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 (6) Establishing escrows, reserves, and/or acquiring insurance for the obligations of the
2 fund;

3 (7) Paying administrative costs of the fund incurred by the Rhode Island commerce
4 corporation, the Rhode Island infrastructure bank and the office of energy resources, not to
5 exceed ten percent (10%) of the income of the fund, including, but not limited to, alternative
6 compliance payments. All funds transferred from the Rhode Island commerce corporation to
7 support the office of energy resources' administrative costs shall be deposited as restricted
8 receipts.

9 (d) All applications received for the use of the fund shall be reviewed by the Rhode
10 Island commerce corporation in consultation with the office of energy resources and the Rhode
11 Island infrastructure bank.

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

17 SECTION 2. Chapter 39-26 of the General Laws entitled "Renewable Energy Standard"
18 is hereby amended by adding thereto the following section:

19 **39-26-5.1. Thermal energy standard.** -- (a) The commission, in consultation with the
20 office of energy resources, shall establish a thermal energy standard for all obligated entities.
21 Every retail electric supplier providing service under contracts executed or extended on or after
22 January 1, 2017, shall provide a minimum percentage of kilowatt-hour sales, as determined by the
23 commission, to end-use customers in Rhode Island from thermal energy generating sources. The
24 commission, in consultation with the office of energy resources, shall annually thereafter
25 determine the minimum percentage of kilowatt-hour sales to end-use customers in Rhode Island
26 which shall be derived from thermal energy generating sources.

27 (b) For the purposes of this section, "thermal energy generating source" shall mean a
28 source which generates energy using any of the following:

29 (1) Any facility that generates useful thermal energy using sunlight, one hundred percent
30 (100%) liquid biofuel, or naturally occurring temperature differences in ground, air or water,
31 whereby 1 megawatt-hour of alternative energy credit shall be earned for every three million four
32 hundred twelve thousand British thermal units (3,412,000 Btus) of net useful thermal energy
33 produced and verified through an on-site utility grade meter or other means satisfactory to the
34 commission; or

1 (2) Any other thermal energy technology approved by the commission, in consultation
2 with the office of energy resources, under an administrative proceeding.

3 (c) The department of environmental management shall set emission performance
4 standards that are protective of public health and the environment, including standards for eligible
5 liquid biofuel technologies that:

6 (1) Limit eligibility only to best-in-class commercially-feasible technologies, inclusive of
7 energy conversion and emissions controls, with regard to reducing emissions of particulate matter
8 sized two and one-half (2.5) microns or less and carbon monoxide and other air pollutants;

9 (2) Establish requirements for thermal storage or other means to minimize any significant
10 deterioration of efficiency or emissions due to boiler cycling, if feasible; and

11 (3) Include fuel conversion efficiency performance standards achievable by best-in-class
12 commercially-feasible technologies.

13 (d) The commission shall adopt regulations allowing for obligated entities to discharge
14 their obligations under this section by making an alternative compliance payment in an amount
15 established by the commission. Such regulations shall outline procedures by which each obligated
16 entity shall annually submit for the commission's review a filing illustrating the obligated entity's
17 compliance with the requirements of this section.

18 (e) Notwithstanding the determination that one alternative energy credit is to be earned
19 per three million four hundred twelve thousand British thermal units (3,412,000 Btus) in
20 subsection (b) of this section, the commission, in consultation with the office of energy resources
21 may provide that for certain nonemitting renewable thermal technologies, an alternative energy
22 credit shall be earned for less than three million four hundred twelve thousand British thermal
23 units (3,412,000 Btus) of net useful thermal energy so as to stimulate the development of new on-
24 site renewable thermal energy generating sources.

25 SECTION 3. 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 - RENEWABLE ENERGY STANDARDS

- 1 This act would authorize the establishment of a thermal energy standard which promotes
- 2 the development of thermal renewable energy technologies.
- 3 This act would take effect upon passage.

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