

2016 -- S 2185 SUBSTITUTE A

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LC004188/SUB A
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- RENEWABLE ENERGY

Introduced By: Senators Sosnowski, Conley, Goodwin, Miller, and Pichardo

Date Introduced: January 27, 2016

Referred To: Senate Environment & Agriculture

It is enacted by the General Assembly as follows:

- 1 SECTION 1. Sections 39-26-4 and 39-26-6 of the General Laws in Chapter 39-26
2 entitled "Renewable Energy Standard" are hereby amended to read as follows:
- 3 **39-26-4. Renewable energy standard.** -- (a) Starting in compliance year 2007, all
4 obligated entities shall obtain at least three percent (3%) of the electricity they sell at retail to
5 Rhode Island end-use customers, adjusted for electric line losses, from eligible renewable energy
6 resources, escalating, according to the following schedule:
- 7 (1) At least three percent (3%) of retail electricity sales in compliance year 2007;
- 8 (2) An additional one half of one percent (0.5%) of retail electricity sales in each of the
9 following compliance years 2008, 2009, 2010;
- 10 (3) An additional one percent (1%) of retail electricity sales in each of the following
11 compliance years 2011, 2012, 2013, 2014, provided that the commission has determined the
12 adequacy, or potential adequacy, of renewable energy supplies to meet these percentage
13 requirements;
- 14 (4) An additional one and one half percent (1.5%) of retail electricity sales in each of the
15 following compliance years 2015, 2016, 2017, 2018 and 2019, and each year thereafter until
16 2035, provided that the commission has determined the adequacy, pursuant to §39-26-6, or
17 ~~potential adequacy~~ of renewable energy supplies to meet these percentage requirements;
- 18 (5) ~~In 2020 and each year thereafter, the minimum renewable energy standard~~
19 ~~established in 2019 shall be maintained unless the commission shall determine that such~~

~~maintenance is no longer necessary for either amortization of investments in new renewable energy resources or for maintaining targets and objectives for renewable energy.~~

(b) For each obligated entity and in each compliance year, the amount of retail electricity sales used to meet obligations under this statute that is derived from existing renewable energy resources shall not exceed two percent (2%) of total retail electricity sales.

(c) The minimum renewable energy percentages set forth in subsection (a) above shall be met for each electrical energy product offered to end-use customers, in a manner that ensures that the amount of renewable energy of end-use customers voluntarily purchasing renewable energy is not counted toward meeting such percentages.

(d) To the extent consistent with the requirements of this chapter, compliance with the renewable energy standard may be demonstrated through procurement of NE-GIS certificates relating to generating units certified by the commission as using eligible renewable energy sources, as evidenced by reports issued by the NE-GIS administrator. Procurement of NE-GIS certificates from off-grid and customer-sited generation facilities, if located in Rhode Island and verified by the commission as eligible renewable energy resources, may also be used to demonstrate compliance. With the exception of contracts for generation supply entered into prior to 2002, initial title to NE-GIS certificates from off-grid and customer-sited generation facilities and from all other eligible renewable energy resources shall accrue to the owner of such a generation facility, unless such title has been explicitly deemed transferred pursuant to contract or regulatory order.

(e) In lieu of providing NE-GIS certificates pursuant to subsection (d) of this section, an obligated entity may also discharge all or any portion of its compliance obligations by making an alternative compliance payment to the Renewable Energy Development Fund established pursuant to § 39-26-7.

39-26-6. Duties of the commission. -- The commission shall:

(a) Develop and adopt regulations on or before December 31, 2005, for implementing a renewable energy standard, which regulations shall include, but be limited to, provisions for:

(1) Verifying the eligibility of renewable energy generators and the production of energy from such generators, including requirements to notify the commission in the event of a change in a generator's eligibility status.

(2) Standards for contracts and procurement plans for renewable energy resources, to achieve the purposes of this chapter.

(3) Flexibility mechanisms for the purposes of easing compliance burdens, facilitating bringing new renewable resources on-line, and avoiding and/or mitigating conflicts with state

1 level source disclosure requirements and green marketing claims throughout the region; which
2 flexibility mechanisms shall allow obligated entities to: (i) demonstrate compliance over a
3 compliance year; (ii) bank excess compliance for two (2) subsequent compliance years, capped at
4 thirty percent (30%) of the current year's obligation; and (iii) allow renewable energy generated
5 during 2006 to be banked by an obligated entity as early compliance, usable towards meeting an
6 obligated entity's 2007 requirement. Generation used for early compliance must result in the
7 retirement of NE-GIS certificate in a reserved certificate account designated for such purposes.

8 (4) Annual compliance filings to be made by all obligated entities within one month after
9 NE-GIS reports are available for the fourth (4th) quarter of each calendar year. All electric utility
10 distribution companies shall cooperate with the commission in providing data necessary to assess
11 the magnitude of obligation and verify the compliance of all obligated entities.

12 (b) Authorize rate recovery by electric utility distribution companies of all prudent
13 incremental costs arising from the implementation of this chapter, including, without limitation,
14 the purchase of NE-GIS certificates, the payment of alternative compliance payments, required
15 payments to support the NE-GIS, assessments made pursuant to § 39-26-7(c) and the incremental
16 costs of complying with energy source disclosure requirements.

17 (c) Certify eligible renewable energy resources by issuing statements of qualification
18 within ninety (90) days of application. The commission shall provide prospective reviews for
19 applicants seeking to determine whether a facility would be eligible.

20 (d) Determine, on or before January 1, ~~2010~~ 2019, and every fifth year thereafter, the
21 adequacy, ~~or potential adequacy~~, of renewable energy supplies to meet the increase in the
22 percentage requirement of energy from renewable energy resources to go into effect the following
23 year. ~~in 2011 and determine on or before January 1, 2014, the adequacy or potential adequacy, of~~
24 ~~renewable energy supplies to meet the increase in the percentage requirement of energy from~~
25 ~~renewable energy resources to go into effect in 2015. In making such determinations the~~
26 ~~commission shall consider among other factors the historical use of alternative compliance~~
27 ~~payments in Rhode Island and other states in the NEPOOL region.~~ In the event that the
28 commission determines an inadequacy ~~or potential inadequacy~~ of supplies for scheduled
29 percentage increases, the commission shall delay all or a part of the implementation of the
30 scheduled percentage increase ~~for a period of~~ until such time that the commission determines that
31 the supplies are adequate, ~~one year or recommend to the general assembly a revised schedule of~~
32 ~~percentage increases, if any~~, to achieve the purposes of this chapter.

33 (e) Establish sanctions for those obligated entities that after investigation have been
34 found to fail to reasonably comply with the commission's regulations. No sanction or penalty

1 shall relieve or diminish an obligated entity from liability for fulfilling any shortfall in its
2 compliance obligation; provided, however, that no sanction shall be imposed if compliance is
3 achieved through alternative compliance payments. The commission may suspend or revoke the
4 certification of generation units, certified in accordance with subsection (c) above, that are found
5 to provide false information, or that fail to notify the commission in the event of a change in
6 eligibility status or otherwise comply with its rules. Financial penalties resulting from sanctions
7 from obligated entities shall not be recoverable in rates.

8 (f) Report, by February 15, 2006, and by February 15 each year thereafter, to the
9 governor, the speaker of the house and the president of the senate on the status of the
10 implementation of the renewable energy standards in Rhode Island and other states, and which
11 report shall include in 2009, and each year thereafter, the level of use of renewable energy
12 certificates by eligible renewable energy resources and the portion of renewable energy standards
13 met through alternative compliance payments, and the amount of rate increases authorized
14 pursuant to subsection (b) above.

15 (g) Consistent with the public policy objective of developing renewable generation as an
16 option in Rhode Island, and subject to the review and approval of the commission the electric
17 distribution company is authorized to propose and implement pilot programs to own and operate
18 no more than fifteen megawatts (15MW) of renewable generation demonstration projects in
19 Rhode Island and may include the costs and benefits in rates to distribution customers. At least
20 two (2) demonstration projects shall include renewable generation installed at or in the vicinity of
21 nonprofit affordable housing projects where energy savings benefits are provided to reduce
22 electric bills of the customers at the nonprofit affordable housing projects. Any renewable
23 generation proposals shall be subject to the review and approval of the commission. The
24 commission shall annually make an adjustment to the minimum amounts required under the
25 renewable energy standard under chapter 39-26 in an amount equal to the kilowatt hours
26 generated by such units owned by the electric distribution company. The electric and gas
27 distribution company shall also be authorized to propose and implement smart metering and
28 smart grid demonstration projects in Rhode Island, subject to the review and approval of the
29 commission, in order to determine the effectiveness of such new technologies for reducing and
30 managing energy consumption, and may include the costs of such demonstration projects in
31 distribution rates to electric customers to the extent the project pertains to electricity usage and in
32 distribution rates to gas customers to the extent the project pertains to gas usage.

1 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 -- RENEWABLE ENERGY

1 This act would extend the 2004 Renewable Energy Standard Schedule Program, which
2 required the suppliers of retail electricity to purchase increasing minimum amounts of renewable
3 energy from 2019 to 2035, to ensure the state's commitment for development of renewable energy
4 projects in Rhode Island.

5 This act would take effect upon passage.

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