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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

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A N A C T

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

Introduced By: Representatives Regunberg, Diaz, Handy, Morin, and Shekarchi

Date Introduced: February 15, 2018

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

1 [deemed allowable and the percentage that should be excluded from the utility's rates.](#)

2 (b) Effective as of January 1, 2008, and for a period of fifteen (15) years thereafter, each  
3 electric-distribution company shall include a charge per kilowatt-hour delivered to fund demand-  
4 side management programs. The 0.3 mills per kilowatt-hour delivered to fund renewable energy  
5 programs shall remain in effect until December 31, 2022. The electric-distribution company shall  
6 establish and, after July 1, 2007, maintain, two (2) separate accounts, one for demand-side  
7 management programs (the "demand-side account"), which shall be funded by the electric  
8 demand-side charge and administered and implemented by the distribution company, subject to  
9 the regulatory reviewing authority of the commission, and one for renewable-energy programs,  
10 which shall be administered by the Rhode Island commerce corporation pursuant to § 42-64-13.2  
11 and shall be held and disbursed by the distribution company as directed by the Rhode Island  
12 commerce corporation for the purposes of developing, promoting, and supporting renewable  
13 energy programs.

14 During the time periods established in this subsection, the commission may, in its  
15 discretion, after notice and public hearing, increase the sums for demand-side management and  
16 renewable resources. In addition, the commission shall, after notice and public hearing, determine  
17 the appropriate charge for these programs. The office of energy resources, and/or the  
18 administrator of the renewable energy programs, may seek to secure for the state an equitable and  
19 reasonable portion of renewable energy credits or certificates created by private projects funded  
20 through those programs. As used in this section, "renewable-energy resources" shall mean: (1)  
21 Power generation technologies, as defined in § 39-26-5, "eligible renewable-energy resources",  
22 including off-grid and on-grid generating technologies located in Rhode Island, as a priority; (2)  
23 Research and development activities in Rhode Island pertaining to eligible renewable-energy  
24 resources and to other renewable-energy technologies for electrical generation; or (3) Projects and  
25 activities directly related to implementing eligible renewable-energy resources projects in Rhode  
26 Island. Technologies for converting solar energy for space heating or generating domestic hot  
27 water may also be funded through the renewable-energy programs. Fuel cells may be considered  
28 an energy efficiency technology to be included in demand-sided management programs. Special  
29 rates for low-income customers in effect as of August 7, 1996, shall be continued, and the costs of  
30 all of these discounts shall be included in the distribution rates charged to all other customers.  
31 Nothing in this section shall be construed as prohibiting an electric-distribution company from  
32 offering any special rates or programs for low-income customers which are not in effect as of  
33 August 7, 1996, subject to the approval by the commission.

34 (1) The renewable energy investment programs shall be administered pursuant to rules

1 established by the Rhode Island commerce corporation. Said rules shall provide transparent  
2 criteria to rank qualified renewable-energy projects, giving consideration to:

3 (i) The feasibility of project completion;

4 (ii) The anticipated amount of renewable energy the project will produce;

5 (iii) The potential of the project to mitigate energy costs over the life of the project; and

6 (iv) The estimated cost per kilowatt hour (kwh) of the energy produced from the project.

7 (c) [Deleted by P.L. 2012, ch. 241, art. 4, § 14].

8 (d) The chief executive officer of the commerce corporation is authorized and may enter  
9 into a contract with a contractor for the cost-effective administration of the renewable-energy  
10 programs funded by this section. A competitive bid and contract award for administration of the  
11 renewable-energy programs may occur every three (3) years and shall include, as a condition, that  
12 after July 1, 2008, the account for the renewable-energy programs shall be maintained and  
13 administered by the commerce corporation as provided for in subsection (b) of this section.

14 (e) Effective January 1, 2007, and for a period of sixteen (16) years thereafter, each gas-  
15 distribution company shall include, with the approval of the commission, a charge per deca therm  
16 delivered to fund demand-side management programs (the "gas demand-side charge"), including,  
17 but not limited to, programs for cost-effective energy efficiency, energy conservation, combined  
18 heat and power systems, and weatherization services for low-income households.

19 (f) Each gas company shall establish a separate account for demand-side management  
20 programs (the "gas demand-side account") that shall be funded by the gas demand-side charge  
21 and administered and implemented by the distribution company, subject to the regulatory  
22 reviewing authority of the commission. The commission may establish administrative  
23 mechanisms and procedures that are similar to those for electric demand-side management  
24 programs administered under the jurisdiction of the commission and that are designed to achieve  
25 cost-effectiveness and high, life-time savings of efficiency measures supported by the program.

26 (g) The commission may, if reasonable and feasible, except from this demand-side  
27 management charge:

28 (i) Gas used for distribution generation; and

29 (ii) Gas used for the manufacturing processes, where the customer has established a self-  
30 directed program to invest in and achieve best-effective energy efficiency in accordance with a  
31 plan approved by the commission and subject to periodic review and approval by the  
32 commission, which plan shall require annual reporting of the amount invested and the return on  
33 investments in terms of gas savings.

34 (h) The commission may provide for the coordinated and/or integrated administration of

1 electric and gas demand-side management programs in order to enhance the effectiveness of the  
2 programs. Such coordinated and/or integrated administration may after March 1, 2009, upon the  
3 recommendation of the office of energy resources, be through one or more third-party entities  
4 designated by the commission pursuant to a competitive selection process.

5 (i) Effective January 1, 2007, the commission shall allocate from demand-side  
6 management gas and electric funds authorized pursuant to this section, an amount not to exceed  
7 two percent (2%) of such funds on an annual basis for the retention of expert consultants, and  
8 reasonable administration costs of the energy efficiency and resources management council  
9 associated with planning, management, and evaluation of energy-efficiency programs, renewable-  
10 energy programs, system reliability least-cost procurement, and with regulatory proceedings,  
11 contested cases, and other actions pertaining to the purposes, powers, and duties of the council,  
12 which allocation may by mutual agreement, be used in coordination with the office of energy  
13 resources to support such activities.

14 (j) Effective January 1, 2016, the commission shall annually allocate from the  
15 administrative funding amount allocated in (i) from the demand-side management program as  
16 described in subsection (i) as follows: fifty percent (50%) for the purposes identified in  
17 subsection (i) and fifty percent (50%) annually to the office of energy resources for activities  
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 office of  
21 energy resources.

22 (k) On April 15, of each year, the office and the council shall submit to the governor, the  
23 president of the senate, and the speaker of the house of representatives, separate financial and  
24 performance reports regarding the demand-side management programs, including the specific  
25 level of funds that were contributed by the residential, municipal, and commercial and industrial  
26 sectors to the overall programs; the businesses, vendors, and institutions that received funding  
27 from demand-side management gas and electric funds used for the purposes in this section; and  
28 the businesses, vendors, and institutions that received the administrative funds for the purposes in  
29 subsections (i) and (j). These reports shall be posted electronically on the websites of the office of  
30 energy resources and the energy efficiency and resources management council.

31 (l) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank,  
32 each electric-distribution company, except for the Pascoag Utility District and Block Island  
33 Power Company, shall remit two percent (2%) of the amount of the 2014 electric demand-side  
34 charge collections to the Rhode Island infrastructure bank.

1           (m) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank,  
2 each gas-distribution company shall remit two percent (2%) of the amount of the 2014 gas  
3 demand-side charge collections to the Rhode Island infrastructure bank.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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1           This act would require the public utilities commission to periodically review the  
2 advertising expense, passed through in utility rates, to determine the percentage of the expense  
3 that should be deemed allowable and the percentage that should be excluded from the utility's  
4 rates.

5           This act would take effect upon passage.

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