

2021 -- H 6150

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - UTILITY BASE RATE

Introduced By: Representatives Kazarian, and Ruggiero

Date Introduced: March 24, 2021

Referred To: House Finance

(General Treasurer)

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, or
7 is designed to promote the public image of the industry. No public utility may furnish support of
8 any kind, direct or indirect, to any subsidiary, group, association, or individual for advertising and
9 include the expense as part of its base rate. Nothing contained in this section shall be deemed as
10 prohibiting the inclusion in the base rate of expenses incurred for advertising, informational or
11 educational in nature, that is designed to promote public safety conservation of the public utility's
12 product or service. The public utilities commission shall promulgate such rules and regulations as
13 are necessary to require public disclosure of all advertising expenses of any kind, direct or indirect,
14 and to otherwise effectuate the provisions of this section.

15 (b) Effective as of January 1, 2008, and for a period of fifteen (15) years thereafter, each
16 electric distribution company shall include a charge per kilowatt-hour delivered to fund demand-
17 side management programs. The 0.3 mills per kilowatt-hour delivered to fund renewable energy
18 programs shall remain in effect until December 31, 2022. The electric distribution company shall
19 establish and, after July 1, 2007, maintain, two (2) separate accounts, one for demand-side

1 management programs (the "demand-side account"), which shall be funded by the electric demand-
2 side charge and administered and implemented by the distribution company, subject to the
3 regulatory reviewing authority of the commission, and one for renewable energy programs, which
4 shall be administered by the Rhode Island commerce corporation pursuant to § 42-64-13.2 and shall
5 be held and disbursed by the distribution company as directed by the Rhode Island commerce
6 corporation for the purposes of developing, promoting, and supporting renewable energy programs.

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

27 (1) The renewable energy investment programs shall be administered pursuant to rules
28 established by the Rhode Island commerce corporation. Said rules shall provide transparent criteria
29 to rank qualified renewable energy projects, giving consideration to:

- 30 (i) The feasibility of project completion;
31 (ii) The anticipated amount of renewable energy the project will produce;
32 (iii) The potential of the project to mitigate energy costs over the life of the project; and
33 (iv) The estimated cost per kilowatt-hour (KWh) of the energy produced from the project.
34 (c) [Deleted by P.L. 2012, ch. 241, art. 4, § 14.]

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

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

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

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

21 (1) Gas used for distribution generation; and

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

27 (h) The commission may provide for the coordinated and/or integrated administration of
28 electric and gas demand-side management programs in order to enhance the effectiveness of the
29 programs. Such coordinated and/or integrated administration may after March 1, 2009, upon the
30 recommendation of the office of energy resources, be through one or more third-party entities
31 designated by the commission pursuant to a competitive selection process.

32 (i) Effective January 1, 2007, the commission shall allocate from demand-side management
33 gas and electric funds authorized pursuant to this section, an amount not to exceed two percent
34 (2%) of such funds on an annual basis for the retention of expert consultants, and reasonable

1 administration costs of the energy efficiency and resources management council associated with
2 planning, management, and evaluation of energy-efficiency programs, renewable energy programs,
3 system reliability least-cost procurement, and with regulatory proceedings, contested cases, and
4 other actions pertaining to the purposes, powers, and duties of the council, which allocation may
5 by mutual agreement, be used in coordination with the office of energy resources to support such
6 activities.

7 (j) Effective January 1, 2016, the commission shall annually allocate from the
8 administrative funding amount allocated in subsection (i) from the demand-side management
9 program as described in subsection (i) as follows: fifty percent (50%) for the purposes identified in
10 subsection (i) and fifty percent (50%) annually to the office of energy resources for activities
11 associated with planning, management, and evaluation of energy-efficiency programs, renewable
12 energy programs, system reliability, least-cost procurement, and with regulatory proceedings,
13 contested cases, and other actions pertaining to the purposes, powers, and duties of the office of
14 energy resources.

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

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

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

31 (n) On or after December 31, 2021, and on or after December 31 of each year thereafter, at
32 the request of the Rhode Island infrastructure bank, each electric distribution company, except for
33 the Pascoag Utility District and Block Island Power Company, shall remit fifteen percent (15%) of
34 the amount of the annual electric demand-side charge collections approved for the subsequent

1 calendar year by the commission to the Rhode Island infrastructure bank. Electric demand-side
2 collections transferred to the Rhode Island infrastructure bank pursuant to this section shall be
3 eligible to be used in any energy-related financing program administered by the Rhode Island
4 infrastructure bank notwithstanding any other restrictions on the use of such collections set forth in
5 this chapter. The infrastructure bank shall report annually to the commission within ninety (90)
6 days of the end of each calendar year how collections transferred under this section were utilized.

7 (o) On or after December 31, 2021, and on or after December 31 of each year thereafter, at
8 the request of the Rhode Island infrastructure bank, each gas distribution company shall remit
9 fifteen percent (15%) of the amount of the annual gas demand-side charge collections approved for
10 the subsequent calendar year by the commission to the Rhode Island infrastructure bank. Gas
11 demand-side collections transferred to the Rhode Island infrastructure bank pursuant to this section
12 shall be eligible to be used in any energy-related financing program administered by the Rhode
13 Island infrastructure bank notwithstanding any other restrictions on the use of such collections set
14 forth in this chapter. The infrastructure bank shall report annually to the commission within ninety
15 (90) days of the end of each calendar year how collections transferred under this section were
16 utilized.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

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1 This act would require electric and gas distribution companies to remit to the Rhode Island
2 Infrastructure bank, at its request, fifteen percent (15%) of their annual demand-side charge
3 collections to be used to fund energy-related financing program.

4 This act would take effect upon passage.

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