

ARTICLE 5

RELATING TO ENERGY AND THE ENVIRONMENT

SECTION 1. Section 23-82-6 of the General Laws in Chapter 23-82 entitled "Implementation of the Regional Greenhouse Gas Initiative Act" is hereby amended to read as follows:

23-82-6. Use of auction or sale proceeds.

(a) The proceeds from the auction or sale of the allowances shall be used for the benefit of energy consumers through investment in the most cost-effective available projects that can reduce long-term consumer energy demands and costs. Such proceeds may be used only for the following purposes, in a proportion to be determined annually by the office in consultation with the council and the board:

(1) Promotion of cost-effective energy efficiency and conservation in order to achieve the purposes of § 39-1-27.7;

(2) Promotion of cost-effective renewable non-carbon emitting energy technologies in Rhode Island as defined in § 39-26-5 and to achieve the purposes of chapter 26 of title 39 entitled "Renewable Energy Standard";

(3) Cost-effective direct rate relief for consumers;

(4) Direct rate relief for low-income consumers;

(5) Reasonable compensation to an entity selected to administer the auction or sale; ~~and~~

(6) Reasonable costs of the department of environmental management and office of energy resources in administering this program, as well as other climate change, energy efficiency, and renewable program efforts of the department of environmental management and office of energy resources, which shall not in any year exceed three hundred thousand dollars (\$300,000) or ten percent (10%) of the proceeds from sale or auction of the allowances, whichever is greater. Administrative funds not expended in any fiscal year shall remain in the administrative account to be used as needed in subsequent years. The office of energy resources shall have the ability to apply administrative funds not used in a fiscal year to achieve the purpose of this section. The funds deposited into the administrative funds account shall be exempt from the indirect cost recovery provisions of § 35-4-27; and

(7) Provided however, effective for fiscal year 2024 and thereafter, sale of allowances

1 yielding in excess of four million five hundred thousand dollars (\$4,500,000) per auction shall be
2 transferred to the Rhode Island office of energy resources, on behalf of the executive climate change
3 coordinating council, for climate change related initiatives. The executive climate change
4 coordinating council shall have exclusive authority to direct the use of these funds pursuant to §
5 42-6.2-3.1. The office of energy resources may act on behalf of the executive climate change
6 coordinating council to disburse these funds. Provided further, that any transfer of allowances in a
7 single fiscal year, pursuant to this section shall not exceed one million five hundred thousand
8 dollars (\$1,500,000).

9 (b) Any interest earned on the funds so generated must be credited to the fund. Funds not
10 spent in any fiscal year shall remain in the fund to be used for future energy efficiency and carbon
11 reduction programs.

12 (c) Annually, the office, in consultation with council and board, shall prepare a draft
13 proposal on how the proceeds from the allowances shall be allocated. The draft proposal shall be
14 designed to augment and coordinate with existing energy efficiency and renewable energy
15 programs, and shall not propose use of auction proceeds for projects already funded under other
16 programs. The proposal for allocation of proceeds in subsections (a)(1), (2), and (3) shall be one
17 that best achieves the purposes of the law, namely, lowering carbon emissions and minimizing costs
18 to consumers over the long term. The office shall hold a public hearing and accept public comment
19 on the draft proposal in accordance with chapter 35 of title 42 (the “Administrative Procedure Act”).
20 Once the proposal is final, the office shall authorize the disbursement of funds in accordance with
21 the final plan.

22 (d) The office shall prepare, in consultation with council and board, a report by April 15 of
23 each year describing the implementation and operation of RGGI, the revenues collected and the
24 expenditures, including funds that were allocated to the energy efficiency and renewable energy
25 programs, and the individuals, businesses and vendors that received funding, made under this
26 section, the statewide energy efficiency and carbon reduction programs, and any recommendations
27 for changes to law relating to the state’s energy conservation or carbon reduction efforts. The report
28 shall be made public and be posted electronically on the website of the office of energy resources
29 and shall also be submitted to the general assembly.

30 SECTION 2. Section 39-2-1.2 of the General Laws in Chapter 39-2 entitled “Duties of
31 Utilities and Carriers” is hereby amended to read as follows:

32 **39-2-1.2. Utility base rate — Advertising, demand-side management, and renewables.**

33 (a) In addition to costs prohibited in § 39-1-27.4(b), no public utility distributing or
34 providing heat, electricity, or water to or for the public shall include as part of its base rate any

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

10 (b) Effective as of January 1, 2008, and for a period of twenty (20) years thereafter, each
11 electric distribution company shall include a charge per kilowatt-hour delivered to fund demand-
12 side management programs. The 0.3 mills per kilowatt-hour delivered to fund renewable energy
13 programs shall remain in effect until December 31, 2028. The electric distribution company shall
14 establish and, after July 1, 2007, maintain, two (2) separate accounts, one for demand-side
15 management programs (the "demand-side account"), which shall be funded by the electric demand-
16 side charge and administered and implemented by the distribution company, subject to the
17 regulatory reviewing authority of the commission, and one for renewable energy programs, which
18 shall be administered by the Rhode Island commerce corporation pursuant to § 42-64-13.2 and shall
19 be held and disbursed by the distribution company as directed by the Rhode Island commerce
20 corporation for the purposes of developing, promoting, and supporting renewable energy programs.

21 During the time periods established in this subsection, the commission may, in its
22 discretion, after notice and public hearing, increase the sums for demand-side management and
23 renewable resources. In addition, the commission shall, after notice and public hearing, determine
24 the appropriate charge for these programs. The office of energy resources, and/or the administrator
25 of the renewable energy programs, may seek to secure for the state an equitable and reasonable
26 portion of renewable energy credits or certificates created by private projects funded through those
27 programs. As used in this section, "renewable energy resources" shall mean: (1) Power generation
28 technologies, as defined in § 39-26-5, "eligible renewable energy resources," including off-grid and
29 on-grid generating technologies located in Rhode Island, as a priority; (2) Research and
30 development activities in Rhode Island pertaining to eligible renewable energy resources and to
31 other renewable energy technologies for electrical generation; or (3) Projects and activities directly
32 related to implementing eligible renewable energy resources projects in Rhode Island.
33 Technologies for converting solar energy for space heating or generating domestic hot water may
34 also be funded through the renewable energy programs. Fuel cells may be considered an energy

1 efficiency technology to be included in demand-side management programs. Special rates for low-
2 income customers in effect as of August 7, 1996, shall be continued, and the costs of all of these
3 discounts shall be included in the distribution rates charged to all other customers. Nothing in this
4 section shall be construed as prohibiting an electric distribution company from offering any special
5 rates or programs for low-income customers which are not in effect as of August 7, 1996, subject
6 to the approval by the commission.

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

10 (i) The feasibility of project completion;

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

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

13 (iv) The estimated cost per kilowatt-hour (KWh) of the energy produced from the project.

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

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

21 (e) Effective January 1, 2007, and for a period of twenty-one (21) years thereafter, each
22 gas distribution company shall include, with the approval of the commission, a charge per deca
23 therm delivered to fund demand-side management programs (the "gas demand-side charge"),
24 including, but not limited to, programs for cost-effective energy efficiency, energy conservation,
25 combined heat and power systems, and weatherization services for low-income households.

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

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

1 (1) Gas used for distribution generation; and

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

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

12 (i) Effective January 1, 2007, the commission shall allocate, from demand-side
13 management gas and electric funds authorized pursuant to this section, an amount not to exceed
14 three percent (3%) of such funds on an annual basis for the retention of expert consultants, and
15 reasonable administration costs of the energy efficiency and ~~resources~~ resource management
16 council associated with planning, management, and evaluation of energy-efficiency programs,
17 renewable energy programs, system reliability least-cost procurement, and with regulatory
18 proceedings, contested cases, and other actions pertaining to the purposes, powers, and duties of
19 the council, which allocation may by mutual agreement, be used in coordination with the office of
20 energy resources to support such activities.

21 (j) Effective January 1, 2016, the commission shall annually allocate from the
22 administrative funding amount allocated in subsection (i) from the demand-side management
23 program as described in subsection (i) as follows: (1) for the energy efficiency and resource
24 management council, no more than forty percent (40%) for the purposes identified in subsection (i)
25 and (2) sixty percent (60%) of three percent (3%) from the demand side management gas and
26 electric funds annually to the office of energy resources for activities associated with planning,
27 management, and evaluation of energy-efficiency programs, renewable energy programs, system
28 reliability, least-cost procurement, and with regulatory proceedings, contested cases, and other
29 actions pertaining to the purposes, powers, and duties of the office of energy resources and shall
30 have exclusive authority to direct the use of the office administrative and programmatic funds.

31 (k) On April 15, of each year, the office and the council shall submit to the governor, the
32 president of the senate, and the speaker of the house of representatives, separate financial and
33 performance reports regarding the demand-side management programs, including the specific level
34 of funds that were contributed by the residential, municipal, and commercial and industrial sectors

1 to the overall programs; the businesses, vendors, and institutions that received funding from
2 demand-side management gas and electric funds used for the purposes in this section; and the
3 businesses, vendors, and institutions that received the administrative funds for the purposes in
4 subsections (i) and (j). These reports shall be posted electronically on the websites of the office of
5 energy resources and the energy efficiency and resources management council.

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

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

13 (n) Effective January 1, 2022, the commission shall allocate, from demand-side
14 management gas and electric funds authorized pursuant to this section, five million dollars
15 (\$5,000,000) of such funds on an annual basis to the Rhode Island infrastructure bank. Gas and
16 electric demand-side funds transferred to the Rhode Island infrastructure bank pursuant to this
17 section shall be eligible to be used in any energy efficiency, renewable energy, [clean transportation](#),
18 [clean heating](#), [energy storage](#), or demand-side management project financing program administered
19 by the Rhode Island infrastructure bank notwithstanding any other restrictions on the use of such
20 collections set forth in this chapter. The infrastructure bank shall report annually to the commission
21 within ninety (90) days of the end of each calendar year how collections transferred under this
22 section were utilized.

23 [\(o\) The Rhode Island office of energy resources, in coordination with the energy efficiency](#)
24 [and resource management council, and following consultation with the public utilities commission](#)
25 [and division of public utilities and carriers, shall issue a request for proposals for the cost effective](#)
26 [administration and implementation of statewide energy efficiency programs funded by this section](#)
27 [no later than September 30, 2023. The draft request for proposals shall be reviewed through at least](#)
28 [one technical session at the public utilities commission prior to issuance. Public utilities](#)
29 [commission approval shall not be required. The Rhode Island office of energy resources, in](#)
30 [coordination with the energy efficiency and resource management council, shall evaluate proposals](#)
31 [and determine whether energy efficiency administration and implementation by the electric and gas](#)
32 [distribution company or a third-party is likely to achieve the most net benefits for electric and gas](#)
33 [customers in Rhode Island. After January 1, 2025, the office of energy resources may, periodically,](#)
34 [and at its discretion, issue additional requests for proposals for the administration and](#)

1 implementation of state-wide energy efficiency programs funded through this chapter of an electric
2 distribution company as defined in § 39-1-2(a)(12) or gas distribution company included as a
3 public utility in § 39-1-2(a)(20) that has greater than one hundred thousand (100,000) customers.

4 (i) Nothing in this chapter shall prohibit the electric and/or gas distribution company from
5 submitting a proposal to administer and implement the state energy efficiency programs.

6 (ii) If the office of energy resources, in coordination with the energy efficiency and
7 resource management council, determines that the use of a third-party administrator is likely to
8 achieve the most net benefits for electric and gas customers in Rhode Island, it shall file its
9 recommendation with the public utilities commission, which shall docket and rule on the matter
10 pursuant to its general statutory authorization.

11 (iii) If the commission determines that the recommended third-party administrator is in the
12 interest of Rhode Island utility customers, it shall provide for the full cost recovery for the third-
13 party administrator consistent with the terms of the approved contract, and which shall reflect the
14 overall annual budget approved by the commission. The third-party administrator shall be subject
15 to all the requirements set forth for the electric and gas distribution company per § 39-1-27.7.

16 (iv) If the commission determines that a third-party administrator will administer the state
17 energy efficiency programs on or after June 1, 2024, the commission shall direct the gas and electric
18 distribution company to collect and transfer the gas and electric energy efficiency funds to the third-
19 party administrator for the annual state energy efficiency program beginning with the program year
20 and thereafter for the remaining program years. The gas and electric distribution shall transfer the
21 annual administrative funds to the office of energy resources and energy efficiency and resource
22 management council.

23 (v) If a third-party administrator implements the annual energy efficiency programs then
24 they shall be required to develop and design the annual state energy efficiency program with the
25 office of energy resources and energy efficiency and resource management council, including a
26 vote by the energy efficiency and resource management council prior to the third-party
27 administrator filing the annual program plan to the public utilities commission for review and a
28 decision.

29 (vi) The third-party administrator shall file the annual state energy efficiency program plan
30 to the public utilities commission for review and approval no later than September 30, 2024, and
31 annually thereafter on such date.

32 (vii) The third-party administrator shall provide all information requested by the office of
33 energy resources, energy efficiency and resource management council, division of public utilities
34 and carriers and the public utilities commission, including responses to data requests, which are

1 necessary for the agencies to carry out their respective oversight roles, and shall be accountable to
2 the same standards as the utility with administering and implementing energy efficiency, system
3 reliability and least cost procurement standards and goals in accordance with §§ 39-1-27.7 and 39-
4 2-1.2.

5 (viii) If the office does not recommend advancement of a third-party administrator, the
6 electric and gas distribution company shall continue to administer statewide energy efficiency
7 programs.

8 SECTION 3. Chapter 42-6.2 of the General Laws entitled "2021 Act on Climate" is hereby
9 amended by adding thereto the following section:

10 **42-6.2-3.1. Funding for the council.**

11 There is hereby established a restricted receipt account in the general fund of the state and
12 housed in the budget of the department of administration entitled "RGGI-executive climate change
13 coordinating council projects." The express purpose of this account is to record receipts and
14 expenditures allocated pursuant to § 23-82-6(7).

15 The Rhode Island executive climate change coordinating council shall report annually to
16 the governor and general assembly within one hundred twenty (120) days of the end of each
17 calendar year how the funds were used to achieve the statutory objectives of the 2021 Act on
18 Climate.

19 SECTION 4. This article shall take effect upon passage.