

# ARTICLE 11

## RELATING TO AFFORDABILITY

3 SECTION 1. Title 27 of the General Laws entitled "Insurance" is hereby amended by  
4 adding thereto the following chapter:

## CHAPTER 84

## PHARMACY BENEFIT MANAGER TRANSPARENCY REPORTING AND STUDY

## ACT

### **27-84-1. Short title.**

9        This chapter shall be known and may be cited as the “Pharmacy Benefit Manager  
10      Transparency Reporting and Study Act.”

## 27-84-2. Definitions.

12 As used in this chapter, the following terms shall mean:

13                   (1) "Aggregate Retained Rebate Percentage" means the percentage of all rebates received  
14                   from a manufacturer or other entity to a Pharmacy Benefit Manager for prescription drug utilization  
15                   which is not passed on to the Pharmacy Benefit Manager's health carrier clients. The percentage  
16                   shall be calculated for each health carrier for rebates in the prior calendar years as follows: a) the  
17                   sum total dollar amount of rebates received from all pharmaceutical manufacturers for all utilization  
18                   of covered persons of a health carrier that was not passed through to the health carrier b) divided  
19                   by the sum total dollar amount of all rebates received from all pharmaceutical manufacturers for  
20                   covered persons of a health carrier.

(2) “Health Benefit Plan” means a policy, contract, certificate or agreement offered or issued by a health carrier to provide, deliver, arrange for, pay for or reimburse any of the costs of healthcare services.

1 drug utilization review, the processing of drug prior authorization requests, the adjudication of  
2 appeals or grievances related to prescription drug coverage contracting with network pharmacies,  
3 and controlling the cost of covered prescription drugs.

4 (5) "Rebates" means all price concessions paid by a manufacturer to a Pharmacy Benefit  
5 Manager or health carrier, including rebates, discounts, and other price concessions that are based  
6 on actual or estimated utilization of a prescription drug. Rebates also include price concessions  
7 based on the effectiveness of a drug as in a value-based or performance-based contract.

8 (6) "Spread Pricing" means any amount charged or claimed by a Pharmacy Benefit  
9 Manager to a health carrier that is in excess of the amount the Pharmacy Benefit Manager paid to  
10 the pharmacy that filled the prescription.

11 (7) "Trade Secrets" has the meaning found in § 6-41-1(4).

12 **27-84-3. Pharmacy Benefit Manager Transparency.**

13 (a) Beginning March 1, 2027, and annually thereafter, each Pharmacy Benefit Manager  
14 shall submit a transparency report containing data from the prior calendar year to the health  
15 insurance commissioner. The transparency report shall contain the following information:

16 (1) The aggregate amount of all rebates that the Pharmacy Benefit Manager received from  
17 all pharmaceutical manufacturers for all health carrier clients and for each health carrier client;

18 (2) The aggregate administrative fees that the Pharmacy Benefit Manager received from  
19 all manufacturers for all health carrier clients and for each health carrier client;

20 (3) The aggregate retained rebates that the Pharmacy Benefit Manager received from all  
21 pharmaceutical manufacturers and did not pass through to health carriers;

22 (4) The aggregate retained rebate percentage as defined in section 27-84-2;

23 (5) The highest, lowest, and mean aggregate retained rebate percentage for all health  
24 carrier clients and for each health carrier client; and

25 (6) A response to a set of standard questions developed by the health insurance  
26 commissioner regarding business practices, including but not limited to, rebate pass through  
27 practices, spread pricing, pharmacy network development, and utilization management.

28 (b) A Pharmacy Benefit Manager providing information under this section shall provide  
29 complete information to the health insurance commissioner but may request that the health  
30 insurance commissioner designate certain material as a trade secret with a factual and legal analysis  
31 supporting such request. Disclosure, however, may be ordered by a court of this State for good  
32 cause shown or made in a court filing.

33 (c) Within sixty (60) days of receipt of complete reports, the health insurance commissioner  
34 shall publish the transparency report of each Pharmacy Benefit Manager on the agency's website

1        in a form and manner that does not violate State trade secrets law.

2            (d) The health insurance commissioner may impose administrative penalties in accordance  
3        with § 42-14-16 for violations of this section.

4            **27-84-4. Pharmacy Benefit Manager Study.**

5            (a) On or before October 1, 2027, the health insurance commissioner shall provide the  
6        governor and the general assembly with an analysis of the reporting information furnished pursuant  
7        to § 27-84-3. The report shall also include a review of the role of Pharmacy Benefit Managers in  
8        the structure and cost of health insurance, a review of approaches to Pharmacy Benefit Manager  
9        regulation in other states, and any recommended actions to improve the oversight of Pharmacy  
10      Benefit Managers doing business in Rhode Island.

11           (b) The health insurance commissioner may contract with actuaries and other subject  
12        matter experts to assist the commissioner in conducting the study required under this section. The  
13        actuaries and other experts shall serve under the direction of the health insurance commissioner.  
14        Health insurance companies doing business in this state, including, but not limited to, nonprofit  
15        hospital service corporations and nonprofit medical service corporations established pursuant to  
16        chapters 19 and 20 of title 27, and health maintenance organizations established pursuant to chapter  
17        41 of title 27, shall bear the cost of these actuaries and subject matter experts according to a  
18        schedule of their direct writing of health insurance in this state as determined by the health  
19        insurance commissioner. The amount to be invoiced to and paid by the above-described health  
20        insurance companies doing business in this state for the study conducted under this section shall  
21        not exceed a total of one hundred seventy-five thousand dollars (\$175,000).

22           **27-84-5. Regulations.**

23           The health insurance commissioner may promulgate rules and regulations as are necessary  
24        to carry out and effectuate the provisions of this chapter.

25           SECTION 2. Sections 31-36-7 and 31-36-20 of the General Laws in Chapter 31-36 entitled  
26        “Motor Fuel Tax” are hereby amended to read as follows:

27           **31-36-7. Monthly report of distributors — Payment of tax.**

28           (a) State requirements.

29           (1) Every distributor shall, on or before the twentieth (20th) day of each month, render a  
30        report to the tax administrator, upon forms to be obtained from the tax administrator, of the amount  
31        (number of gallons) of fuels purchased, sold, or used by the distributor within this state and the  
32        amount of fuels sold by the distributor without this state from fuels within this state during the  
33        preceding calendar month, and, if required by the tax administrator as to purchases, the name or  
34        names of the person or persons from whom purchased and the date and amount of each purchase,

1 and as to sales, the name or names of the person or persons to whom sold and the amount of each  
2 sale, and shall pay at the same time to the administrator tax at the rate of thirty-two cents (\$0.32)  
3 per gallon on all taxable gallons of fuel sold or used in this state for periods ending on or before  
4 June 30, 2025.

5 (2) Every distributor shall, on or before the twentieth day of each month, render a report to  
6 the tax administrator, upon forms to be obtained from the tax administrator, of the amount (number  
7 of gallons) of fuels purchased, sold, or used by the distributor within this state and the amount of  
8 fuels sold by the distributor without this state from fuels within this state during the preceding  
9 calendar month, and, if required by the tax administrator as to purchases, the name or names of the  
10 person or persons from whom purchased and the date and amount of each purchase, and as to sales,  
11 the name or names of the person or persons to whom sold and the amount of each sale, and shall  
12 pay at the same time to the administrator, tax at the rate of forty cents (\$0.40) per gallon on all  
13 taxable gallons of fuel sold or used in this state for periods beginning on or after July 1, 2025 and  
14 ending on or before June 30, 2026.

15 (3) Every distributor shall, on or before the twentieth day of each month, render a report to  
16 the tax administrator, upon forms to be obtained from the tax administrator, of the amount (number  
17 of gallons) of fuels purchased, sold, or used by the distributor within this state and the amount of  
18 fuels sold by the distributor without this state from fuels within this state during the preceding  
19 calendar month, and, if required by the tax administrator as to purchases, the name or names of the  
20 person or persons from whom purchased and the date and amount of each purchase, and as to sales,  
21 the name or names of the person or persons to whom sold and the amount of each sale, and shall  
22 pay at the same time to the administrator, tax at the rate of thirty-eight cents (\$0.38) per gallon on  
23 all taxable gallons of fuel sold or used in this state for periods beginning on or after July 1, 2026.

24 (b) Federal requirements. In the event the federal government requires a certain portion of  
25 the gasoline tax to be dedicated for highway improvements, then the state controller is directed to  
26 establish a restricted receipt account and deposit that portion of gasoline tax receipts which brings  
27 the state into federal compliance.

28 (1) Beginning July 1, 2015, and every other year thereafter, through June 30, 2025, the  
29 gasoline tax shall be adjusted by the percentage of increase in the Consumer Price Index for all  
30 Urban Consumers (CPI-U) as published by the United States Bureau of Labor Statistics determined  
31 as of September 30 of the prior calendar year; said adjustment shall be rounded to the nearest one  
32 cent (\$.01) increment, provided that the total tax shall not be less than provided for in subsection  
33 (a)(1).

34 (2) Beginning July 1, 2027, and every other year thereafter, the gasoline tax shall be

1      adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-  
2      U) as published by the United States Bureau of Labor Statistics determined as of September 30 of  
3      the two (2) prior calendar years; said adjustment shall be rounded to the nearest one cent (\$0.01)  
4      increment; provided that, the total tax shall not be less than provided for in subsection (a)(~~2~~)(3).

5      **31-36-20. Disposition of proceeds.**

6      (a) Disposition of proceeds.

7              (1) Notwithstanding any other provision of law to the contrary, all moneys paid into the  
8      general treasury under the provisions of this chapter or chapter 37 of this title, and title 46 shall be  
9      applied to and held in a separate fund and be deposited in any depositories that may be selected by  
10     the general treasurer to the credit of the fund, which fund shall be known as the Intermodal Surface  
11     Transportation Fund; provided, that in fiscal year 2004 for the months of July through April six and  
12     eighty-five hundredth cents (\$0.0685) per gallon of the tax imposed and accruing for the liability  
13     under the provisions of § 31-36-7, less refunds and credits, shall be transferred to the Rhode Island  
14     public transit authority as provided under § 39-18-21. For the months of May and June in fiscal  
15     year 2004, the allocation shall be five and five hundredth cents (\$0.0505). Thereafter, until fiscal  
16     year 2006, the allocation shall be six and twenty-five hundredth cents (\$0.0625). For fiscal years  
17     2006 through FY 2008, the allocation shall be seven and twenty-five hundredth cents (\$0.0725);  
18     provided, that expenditures shall include the costs of a market survey of non-transit users and a  
19     management study of the agency to include the feasibility of moving the authority into the  
20     department of transportation, both to be conducted under the auspices of the state budget officer.  
21     The state budget officer shall hire necessary consultants to perform the studies, and shall direct  
22     payment by the authority. Both studies shall be transmitted by the budget officer to the 2006 session  
23     of the general assembly, with comments from the authority. For fiscal year 2009, the allocation  
24     shall be seven and seventy-five hundredth cents (\$0.0775), of which one-half cent (\$0.005) shall  
25     be derived from the one cent (\$0.01) per gallon environmental protection fee pursuant to § 46-12.9-  
26     11. For fiscal years 2010 through fiscal year 2025, the allocation shall be nine and seventy-five  
27     hundredth cents (\$0.0975), of which one-half cent (\$0.005) shall be derived from the one cent  
28     (\$0.01) per gallon environmental protection fee pursuant to § 46-12.9-11. For fiscal years 2026 and  
29     thereafter, the allocation shall be eleven and seventy-five hundredths cents (\$0.1175) of which one-  
30     half cent (\$0.005) shall be derived from the one cent (\$0.01) per gallon environmental protection  
31     fee pursuant to § 46-12.9-11. One cent (\$0.01) per gallon shall be transferred to the elderly/disabled  
32     transportation program of the department of human services, and the remaining cents per gallon  
33     shall be available for general revenue as determined by the following schedule:

34              (i) For the fiscal year 2000, three and one-fourth cents (\$0.0325) shall be available for

1 general revenue.

2 (ii) For the fiscal year 2001, one and three-fourth cents (\$0.0175) shall be available for  
3 general revenue.

4 (iii) For the fiscal year 2002, one-fourth cent (\$0.0025) shall be available for general  
5 revenue.

6 (iv) For the fiscal year 2003, two and one-fourth cent (\$0.0225) shall be available for  
7 general revenue.

8 (v) For the months of July through April in fiscal year 2004, one and four-tenths cents  
9 (\$0.014) shall be available for general revenue. For the months of May through June in fiscal year  
10 2004, three and two-tenths cents (\$0.032) shall be available for general revenue, and thereafter,  
11 until fiscal year 2006, two cents (\$0.02) shall be available for general revenue. For fiscal year 2006  
12 through fiscal year 2009 one cent (\$0.01) shall be available for general revenue.

13 (2) All deposits and transfers of funds made by the tax administrator under this section,  
14 including those to the Rhode Island public transit authority, the department of human services, the  
15 Rhode Island turnpike and bridge authority, and the general fund, shall be made monthly and  
16 credited and paid by the general treasurer to the designated fund in accordance with this section.

17 (3) Commencing in fiscal year 2004, the director of the Rhode Island department of  
18 transportation is authorized to remit, on a monthly or less frequent basis as shall be determined by  
19 the director of the Rhode Island department of transportation, or the director's designee, or at the  
20 election of the director of the Rhode Island department of transportation, with the approval of the  
21 director of the department of administration, to an indenture trustee, administrator, or other third-  
22 party fiduciary, in an amount not to exceed two cents (\$0.02) per gallon of the gas tax imposed, in  
23 order to satisfy debt service payments on aggregate bonds issued pursuant to a joint resolution and  
24 enactment approving the financing of various department of transportation projects adopted during  
25 the 2003 session of the general assembly, and approved by the governor.

26 (4) Commencing in fiscal year 2015, three and one-half cents (\$0.035) shall be transferred  
27 to the Rhode Island turnpike and bridge authority to be used for maintenance, operations, capital  
28 expenditures, and debt service on any of its projects as defined in chapter 12 of title 24 in lieu of a  
29 toll on the Sakonnet River Bridge. The Rhode Island turnpike and bridge authority is authorized to  
30 remit to an indenture trustee, administrator, or other third-party fiduciary any or all of the foregoing  
31 transfers in order to satisfy and/or secure its revenue bonds and notes and/or debt service payments  
32 thereon, including, but not limited to, the bonds and notes issued pursuant to the Joint Resolution  
33 set forth in Section 3 of Article 6 of Chapter 23 of the Public Laws of 2010. Notwithstanding any  
34 other provision of said joint resolution, the Rhode Island turnpike and bridge authority is expressly

1 authorized to issue bonds and notes previously authorized under said joint resolution for the  
2 purpose of financing all expenses incurred by it for the formerly authorized tolling of the Sakonnet  
3 River Bridge and the termination thereof.

4 (b) Notwithstanding any other provision of law to the contrary, all other funds in the fund  
5 shall be dedicated to the department of transportation, subject to annual appropriation by the general  
6 assembly. The director of transportation shall submit to the general assembly, budget office, and  
7 office of the governor annually an accounting of all amounts deposited in and credited to the fund  
8 together with a budget for proposed expenditures for the succeeding fiscal year in compliance with  
9 §§ 35-3-1 and 35-3-4. On order of the director of transportation, the state controller is authorized  
10 and directed to

11 draw their orders upon the general treasurer for the payments of any sum or portion of the  
12 sum that may be required from time to time upon receipt of properly authenticated vouchers.

13 (c) At any time the amount of the fund is insufficient to fund the expenditures of the  
14 department of transportation, not to exceed the amount authorized by the general assembly, the  
15 general treasurer is authorized, with the approval of the governor and the director of administration,  
16 in anticipation of the receipts of monies enumerated in this section to advance sums to the fund, for  
17 the purposes specified in this section, any funds of the state not specifically held for any particular  
18 purpose. However, all the advances made to the fund shall be returned to the general fund  
19 immediately upon the receipt by the fund of proceeds resulting from the receipt of monies to the  
20 extent of the advances.

21 SECTION 3. Section 39-1-27.7 of the General Laws in Chapter 39-1 entitled "Public  
22 Utilities Commission" is hereby amended to read as follows:

23 **39-1-27.7. System reliability and least-cost procurement.**

24 (a) Least-cost procurement shall comprise system reliability and energy efficiency and  
25 conservation procurement, as provided for in this section, and supply procurement, as provided for  
26 in § 39-1-27.8, as complementary but distinct activities that have as common purpose meeting  
27 electrical and natural gas energy needs in Rhode Island, in a manner that is optimally cost-effective,  
28 reliable, prudent, and environmentally responsible.

29 (b) The commission shall establish not later than June 1, 2008, standards for system  
30 reliability and energy efficiency and conservation procurement that shall include standards and  
31 guidelines for:

32 (1) System reliability procurement, including but not limited to:

33 (i) Procurement of energy supply from diverse sources, including, but not limited to,  
34 renewable energy resources as defined in chapter 26 of this title;

(ii) Distributed generation, including, but not limited to, renewable energy resources and thermally leading combined heat and power systems, that is reliable and is cost-effective, with measurable, net system benefits;

9 (iv) To effectuate the purposes of this division, the commission may establish standards  
10 and/or rates (A) For qualifying distributed generation, demand response, and renewable energy  
11 resources; (B) For net metering; (C) For back-up power and/or standby rates that reasonably  
12 facilitate the development of distributed generation; and (D) For such other matters as the  
13 commission may find necessary or appropriate.

14 (2) Least-cost procurement, which shall include procurement of energy efficiency and  
15 energy conservation measures that are prudent and reliable and when such measures are lower cost  
16 than acquisition of additional supply, including supply for periods of high demand.

17 (c) The standards and guidelines provided for by subsection (b) shall be subject to periodic  
18 review and as appropriate amendment by the commission, which review will be conducted not less  
19 frequently than every three (3) years after the adoption of the standards and guidelines.

20 (d) To implement the provisions of this section:

21 (1) The commissioner of the office of energy resources and the energy efficiency and  
22 resources management council, either jointly or separately, shall provide the commission findings  
23 and recommendations with regard to system reliability and energy efficiency and conservation  
24 procurement on or before March 1, 2008, and triennially on or before March 1 thereafter through  
25 ~~March 1, 2028~~ March 1, 2038. The report shall be made public and be posted electronically on the  
26 website of the office of energy resources.

27 (2) The commission shall issue standards not later than June 1, 2008, with regard to plans  
28 for system reliability and energy efficiency and conservation procurement, which standards may  
29 be amended or revised by the commission as necessary and/or appropriate.

30 (3) The energy efficiency and resources management council shall prepare by July 15,  
31 2008, a reliability and efficiency procurement opportunity report that shall identify opportunities  
32 to procure efficiency, distributed generation, demand response, and renewables and that shall be  
33 submitted to the electrical distribution company, the commission, the office of energy resources,  
34 and the joint committee on energy.

1           (4) (3) Each electrical and natural gas distribution company shall submit to the commission  
2 on or before September 1, 2008, and triennially on or before September 1 thereafter through  
3 September 1, ~~2028~~ 2038, a plan for system reliability and energy efficiency and conservation  
4 procurement. In developing the plan, the distribution company may ~~seek the advice of~~ consult with  
5 the division, the commissioner and the council. The plan shall include measurable goals and target  
6 percentages for each energy resource, pursuant to standards established by the commission,  
7 including efficiency, distributed generation, demand response, combined heat and power, and  
8 renewables. The plan shall be made public and be posted electronically on the website of the office  
9 of energy resources, and shall also be submitted to the general assembly.

10           (5) (4) The commission shall issue an order approving all energy-efficiency measures that  
11 are cost-effective and lower cost than acquisition of additional supply, with regard to the plan from  
12 the electrical and natural gas distribution company, and reviewed and approved by the energy  
13 efficiency and resources management council, and any related ~~annual~~ triennial plans, and shall  
14 approve a fully reconciling funding mechanism to annually fund investments in all efficiency  
15 measures that are cost-effective and lower cost than acquisition of additional supply, not greater  
16 than sixty (60) days after it is filed with the commission.

17           (6)(i) ~~Each electrical and natural gas distribution company shall provide a status report, which shall be public, on the implementation of least cost procurement on or before December 15, 2008, and on or before February 1, 2009, to the commission, the division, the commissioner of the office of energy resources, and the energy efficiency and resources management council which may provide the distribution company recommendations with regard to effective implementation of least cost procurement. The report shall include the targets for each energy resource included in the order approving the plan and the achieved percentage for energy resource, including the achieved percentages for efficiency, distributed generation, demand response, combined heat and power, and renewables, as well as the current funding allocations for each eligible energy resource and the businesses and vendors in Rhode Island participating in the programs. The report shall be posted electronically on the website of the office of energy resources.~~

28           (5)(ii) Beginning on November 1, 2012, or before, each electric distribution company shall  
29 support the installation and investment in clean and efficient combined heat and power installations  
30 at commercial, institutional, municipal, and industrial facilities. This support shall be documented  
31 ~~annually triennially~~ in the electric distribution company's energy-efficiency program plans. In  
32 order to effectuate this provision, the energy efficiency and resource management council shall  
33 seek input from the public, the gas and electric distribution company, the commerce corporation,  
34 and commercial and industrial users, and make recommendations regarding services to support the

1 development of combined heat and power installations in the electric distribution company's annual  
2 ~~and~~ triennial energy-efficiency program plans.

3 (ii~~ii~~) The energy-efficiency annual~~triennial~~ plan shall include, but not be limited to, a plan  
4 for identifying and recruiting qualified combined heat and power projects, incentive levels, contract  
5 terms and guidelines, and achievable megawatt targets for investments in combined heat and power  
6 systems. In the development of the plan, the energy efficiency and resource management council  
7 and the electric distribution company shall factor into the combined heat and power plan and  
8 program, the following criteria: (A) Economic development benefits in Rhode Island, including  
9 direct and indirect job creation and retention from investments in combined heat and power  
10 systems; (B) Energy and cost savings for customers; (C) Energy supply costs; (D) Greenhouse gas  
11 emissions standards and air quality benefits; and (E) System reliability benefits.

12 (iv~~iii~~) The energy efficiency and resource management council shall conduct at least one  
13 public review meeting annually~~triennially~~, to discuss and review the combined heat and power  
14 program, with at least seven (7) business days' notice, prior to the electric and gas distribution  
15 utility submitting the plan to the commission. The commission shall evaluate the submitted  
16 combined heat and power program as part of the annual~~triennial~~ energy-efficiency plan. The  
17 commission shall issue an order approving the energy-efficiency plan and programs within sixty  
18 (60) days of the filing.

19 (e) If the commission shall determine that the implementation of system reliability and  
20 energy efficiency and conservation procurement has caused, or is likely to cause, under or over-  
21 recovery of overhead and fixed costs of the company implementing the procurement, the  
22 commission may establish a mandatory rate-adjustment clause for the company so affected in order  
23 to provide for full recovery of reasonable and prudent overhead and fixed costs.

24 (f) The commission shall conduct a contested case proceeding to establish a performance-  
25 based incentive plan that allows for additional compensation for each electric distribution company  
26 and each company providing gas to end-users and/or retail customers based on ~~the level of its~~  
27 ~~success in mitigating the cost and variability of electric and gas services through procurement~~  
28 ~~portfolios~~ the sharing of net benefits based on a set of prioritized benefit categories that maximizes  
29 electric and gas ratepayer savings.

30 (g) Any cumulative direct bill charge to fund the triennial program for the 2027 through  
31 2029 electric and gas energy efficiency plan shall not exceed seventy-five million dollars  
32 (\$75,000,000) in each year of the plan. In the years following the adoption of the 2027–2029  
33 triennial plan, the Commission may adjust the direct bill charge amounts approved in such plan;  
34 provided, however, that any such adjustment shall not exceed the seasonally-adjusted percentage

1 change for the third year of the immediately preceding triennial plan for the energy expenditure  
2 category in the Consumer Price Index for All Urban Consumers (CPI-U) as published by the United  
3 States Bureau of Labor Statistics, over the applicable three-year planning period.

4 (g)(1) The office of energy resources shall conduct a study and analysis of the electric and  
5 gas distribution company's state energy efficiency programs that will examine implemented  
6 program and planned conservation measures and review and confirm the claimed energy savings.  
7 In carrying out this study, the office shall utilize a representative sample of different customer  
8 classes and measures that have and/or will be participating in the state energy efficiency programs.  
9 At a minimum, the study performed by the office of energy resources shall include the following  
10 in its scope of work:

11 (i) Independently review and summarize the electric and gas distribution company process  
12 for incorporating results from completed evaluation studies into ongoing energy efficiency program  
13 reporting and implementation.

14 (ii) Conduct an independent review of gas and electricity efficiency programs, which may  
15 include billing analysis techniques. The scope and subjects of this analysis will be decided by the  
16 working group with input and advice from an independent consultant. The analysis will be  
17 conducted by a qualified independent consultant using industry accepted methods.

18 (iii) Review the data collection practices, including metering equipment used; sampling  
19 frequency; sample sizes; and data validation procedures, and the methods for data analysis  
20 employed, as deemed appropriate by the independent evaluator.

21 (iv) Study results and recommendations will be presented to the public utilities commission  
22 and the energy efficiency and resource management council.

23 (2) The office of energy resources shall consult with the working group in development of  
24 the request for proposals (RFP), and during the course of the study, including the preliminary study  
25 results. The working group shall be comprised of one representative from each of the following  
26 groups chosen by the office of energy resources:

27 (i) Large commercial and industrial energy users;

28 (ii) Small business energy users;

29 (iii) Residential energy users;

30 (iv) Municipal and state energy users;

31 (v) Low income energy users;

32 (vi) Electric and gas distribution company; and

33 (vii) Energy efficiency and resource management council.

34 (3) The office of energy resources, in consultation with the electric and gas distribution

1 ~~company and representatives referenced in subsection (g)(2), shall be authorized to hire an energy~~  
2 ~~consulting company or firm to carry out the energy efficiency verification study. The costs~~  
3 ~~associated with this study, including, but not limited to, those associated with the consultant or firm~~  
4 ~~contract and reasonable administrative costs incurred by the office in the execution of subsection~~  
5 ~~(g) of this section, shall be recoverable through the system benefit charge subject to commission~~  
6 ~~approval. Funding shall be transferred from the electric and gas distribution utility to the office of~~  
7 ~~energy resources upon request by the office.~~

8 (4) The office of energy resources shall submit this report on or before October 30, 2019,  
9 to the governor, the president of the senate, and the speaker of the house. The office and its selected  
10 energy consulting company or firm shall host two (2) public presentations on the preliminary and  
11 final results of the study.

12 SECTION 4. Chapter 39-2 of the General Laws entitled "Duties of Utilities and Carriers"  
13 is hereby amended by adding thereto the following section:

14 **39-2-29. In-state transmission owner required to participate in the regional**  
15 **independent system operator.**

16 On and after the effective date of this section, no electric distribution company, as defined  
17 in § 39-1-2, shall own, operate, or control a transmission facility, as defined in § 39-1-2, located in  
18 the state unless such company joins or is a member of ISO New England, Inc. or its successor  
19 organization as approved by the federal energy regulatory commission.

20 SECTION 5. Section 39-2-1.2 of the General Laws in Chapter 39-2 entitled "Duties of  
21 Utilities and Carriers" is hereby amended to read as follows:

22 **39-2-1.2. Utility base rate — Advertising, demand-side management, and renewables.**

23 (a) In addition to costs prohibited in § 39-1-27.4(b), no public utility distributing or  
24 providing heat, electricity, or water to or for the public shall include as part of its base rate any  
25 expenses for advertising, either direct or indirect, that promotes the use of its product or service, or  
26 is designed to promote the public image of the industry. No public utility may furnish support of  
27 any kind, direct or indirect, to any subsidiary, group, association, or individual for advertising and  
28 include the expense as part of its base rate. Nothing contained in this section shall be deemed as  
29 prohibiting the inclusion in the base rate of expenses incurred for advertising, informational or  
30 educational in nature, that is designed to promote public safety conservation of the public utility's  
31 product or service. The public utilities commission shall promulgate such rules and regulations as  
32 are necessary to require public disclosure of all advertising expenses of any kind, direct or indirect,  
33 and to otherwise effectuate the provisions of this section.

34 (b) Effective as of January 1, 2008, and for a period of ~~twenty (20)~~ thirty (30) years

1 thereafter, each electric distribution company shall include a charge per kilowatt-hour delivered to  
2 fund demand-side management programs. The 0.3 mills per kilowatt-hour delivered to fund  
3 renewable energy programs shall remain in effect until December 31, 2028 2031. The electric  
4 distribution company shall establish and, after July 1, 2007, maintain, two (2) separate accounts,  
5 one for demand-side management programs (the “demand-side account”), which shall be funded  
6 by the electric demand-side charge and administered and implemented by the distribution company,  
7 subject to the regulatory reviewing authority of the commission, and one for renewable energy  
8 programs, which shall be administered by the Rhode Island commerce corporation pursuant to §  
9 42-64-13.2 and shall be held and disbursed by the distribution company as directed by the Rhode  
10 Island commerce corporation for the purposes of developing, promoting, and supporting renewable  
11 energy programs.

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

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



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

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

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

23 (k) On July 1 April 15, of each year, the office and the council shall submit to the governor,  
24 the president of the senate, and the speaker of the house of representatives, separate financial and  
25 performance reports regarding the demand-side management programs, including the specific level  
26 of funds that were contributed by the residential, municipal, and commercial and industrial sectors  
27 to the overall programs; the businesses, vendors, and institutions that received funding from  
28 demand-side management gas and electric funds used for the purposes in this section; and the  
29 businesses, vendors, and institutions that received the administrative funds for the purposes in  
30 subsections (i) and (j). These reports shall be posted electronically on the websites of the office of  
31 energy resources and the energy efficiency and resources management council.

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

1 ~~collections to the Rhode Island infrastructure bank.~~

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

5 ~~(n) (1) Effective January 1, 2022, the commission shall allocate, from demand-side~~  
6 ~~management gas and electric funds authorized pursuant to this section, five million dollars~~  
7 ~~(\$5,000,000) two million five hundred thousand dollars (\$2,500,000) of such funds on an annual~~  
8 ~~basis to the Rhode Island infrastructure bank. Gas and electric demand-side funds transferred to the~~  
9 ~~Rhode Island infrastructure bank pursuant to this section shall be eligible to be used in any energy~~  
10 ~~efficiency, renewable energy, clean transportation, clean heating, energy storage, or demand-side~~  
11 ~~management project financing program administered by the Rhode Island infrastructure bank~~  
12 ~~notwithstanding any other restrictions on the use of such collections set forth in this chapter. The~~  
13 ~~infrastructure bank shall report annually to the commission within ninety (90) days of the end of~~  
14 ~~each calendar year how collections transferred under this section were utilized.~~

15 ~~(o) (m) The Rhode Island office of energy resources, in coordination with the energy~~  
16 ~~efficiency and resource management council, and following consultation with the public utilities~~  
17 ~~commission and division of public utilities and carriers, shall issue a request for proposals for the~~  
18 ~~cost-effective administration and implementation of statewide energy efficiency programs funded~~  
19 ~~by this section no later than September 30, 2023. The draft request for proposals shall be reviewed~~  
20 ~~through at least one technical session at the public utilities commission prior to issuance. Public~~  
21 ~~utilities commission approval shall not be required. The Rhode Island office of energy resources,~~  
22 ~~in coordination with the energy efficiency and resource management council, shall evaluate~~  
23 ~~proposals and determine whether energy efficiency administration and implementation by the~~  
24 ~~electric and gas distribution company or a third party is likely to achieve the most net benefits for~~  
25 ~~electric and gas customers in Rhode Island. After January 1, 2025, the office of energy resources~~  
26 ~~may, periodically, and at its discretion, issue additional requests for proposals for the administration~~  
27 ~~and implementation of statewide energy efficiency programs funded through this chapter of an~~  
28 ~~electric distribution company as defined in § 39-1-2(a)(12) or gas distribution company included~~  
29 ~~as a public utility in § 39-1-2(a)(20) that has greater than one hundred thousand (100,000)~~  
30 ~~customers.~~

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

33 (2) If the office of energy resources, in coordination with the energy efficiency and resource  
34 management council, determines that the use of a third-party administrator is likely to achieve the

1 most net benefits for electric and gas customers in Rhode Island, it shall file its recommendation  
2 with the public utilities commission, which shall docket and rule on the matter pursuant to its  
3 general statutory authorization.

4 (3) If the commission determines that the recommended third-party administrator is in the  
5 interest of Rhode Island utility customers, it shall provide for the full cost recovery for the third-  
6 party administrator consistent with the terms of the approved contract, and which shall reflect the  
7 overall ~~annual~~triennial budget approved by the commission. The third-party administrator shall be  
8 subject to all the requirements set forth for the electric and gas distribution company per § 39-1-  
9 27.7.

10 (4) If the commission determines that a third-party administrator will administer the state  
11 energy efficiency programs on or after June 1, 2024, the commission shall direct the gas and electric  
12 distribution company to annually collect and transfer the gas and electric energy efficiency funds  
13 to the third-party administrator for each year of the ~~annual~~ triennial state energy efficiency program  
14 beginning with the program year and thereafter for the remaining program years. The gas and  
15 electric distribution company shall annually transfer the ~~annual~~ triennial administrative funds to the  
16 office of energy resources and energy efficiency and resource management council.

17 (5) If a third-party administrator implements the ~~annual~~ triennial energy efficiency  
18 programs then ~~they~~ it shall be required to develop and design the ~~annual~~ triennial state energy  
19 efficiency program with the office of energy resources and energy efficiency and resource  
20 management council, including a vote by the energy efficiency and resource management council  
21 prior to the third-party administrator filing the annual triennial program plan ~~to~~ with the public  
22 utilities commission for review and a decision.

23 (6) The third-party administrator shall file the ~~annual~~ triennial state energy efficiency  
24 program plan ~~to~~ with the public utilities commission for review and approval no later than  
25 ~~September~~ June 30, 2024, and annually triennially thereafter on such date.

26 (7) The third-party administrator shall provide all information requested by the office of  
27 energy resources, energy efficiency and resource management council, division of public utilities  
28 and carriers, and the public utilities commission, including responses to data requests, which are  
29 necessary for the agencies to carry out their respective oversight roles, and shall be accountable to  
30 the same standards as the utility with administering and implementing energy efficiency, system  
31 reliability, and least-cost procurement standards and goals in accordance with § 39-1-27.7 and this  
32 section.

33 (8) If the office does not recommend advancement of a third-party administrator, the  
34 electric and gas distribution company shall continue to administer statewide energy efficiency

1 programs.

2 SECTION 6. Section 39-2.2-2 of the General Laws in Chapter 39-2.2 entitled "Rhode  
3 Island Utility Fair Share Roadway Repair Act" is hereby amended to read as follows:

4 **39-2.2-2. Road repair by public utility or utility facility.**

5 (a) Any public utility as defined by § 39-1-2 or any utility facility as defined by chapter 8.1  
6 of title 24 that shall alter, excavate, disrupt, or disturb a roadway shall be responsible for complete  
7 repaving and repair of the roadway from curbline to curbline or as required in accordance with the  
8 state or municipal utility permit requirements.

9 (b) Any public utility as defined by § 39-1-2 or any utility facility as defined by chapter  
10 8.1 of title 24 shall recover all costs required of this chapter in accordance with generally accepted  
11 accounting principles.

12 SECTION 7. Chapter 39-26 entitled "Renewable Energy Standard" is hereby amended by  
13 adding thereto the following section:

14 **39-26-5.1. Zero-emission resources.**

15 (a) Zero-emission resources are:

16 (1) Nuclear energy resources, meaning electricity generated by a nuclear fission or nuclear  
17 fusion facility that is licensed by the United States Nuclear Regulatory Commission or its successor,  
18 and that produces no direct emissions of greenhouse gases or criteria air pollutants at the point of  
19 generation.

20 (2) Large-scale hydroelectric facilities, meaning hydroelectric generation units that are not  
21 "small hydro facilities" as defined in § 39-26-2, that generate electricity through the conversion of  
22 the energy of flowing or falling water and that produce no direct emissions of greenhouse gases or  
23 criteria air pollutants at the point of generation.

24 (b) For the purposes of the regulations promulgated under this chapter, eligible zero-  
25 emission energy resources are generation units in the NEPOOL control area using zero-emission  
26 energy resources as defined in this section.

27 (c) A generation unit located in an adjacent control area outside of the NEPOOL may  
28 qualify as an eligible zero-emission energy resource, but the associated generation attributes shall  
29 be applied to any zero-emission standard established under this chapter only to the extent that the  
30 energy produced by the generation unit is actually delivered into NEPOOL for consumption by  
31 New England customers. The delivery of the energy from the generation unit into NEPOOL must  
32 be demonstrated by:

33 (1) A unit-specific bilateral contract for the sale and delivery of such energy into NEPOOL;  
34 and

1                   (2) Confirmation from ISO-New England that the zero-emission energy was actually  
2 settled in the NEPOOL system; and

3                   (3) Confirmation through the North American Electric Reliability Corporation tagging  
4 system, or its successor, that the import of the energy into NEPOOL actually occurred; or

5                   (4) Any such other requirements as the commission deems appropriate.

6                   (d) NE-GIS certificates associated with energy production from off-grid generation and  
7 customer-sited generation facilities certified by the commission as eligible zero-emission energy  
8 resources may also be used to demonstrate compliance with any zero-emission standard.

9                   SECTION 8. Sections 39-26-2, 39-26-4, 39-26-6, and 39-26-7 of the General Laws in  
10 Chapter 39-2 entitled "Renewable Energy Standard" are hereby amended to read as follows:

11                   **39-26-2. Definitions.**

12                   When used in this chapter:

13                   (1) ~~"Alternative compliance payment"~~ means a payment to the renewable energy  
14 development fund of fifty dollars (\$50.00) per megawatt hour of renewable energy obligation, in  
15 2003 dollars, adjusted annually up or down by the consumer price index, which may be made in  
16 lieu of standard means of compliance with this statute.

17                   (1) "Alternative compliance payment" means a payment made in lieu standard means of  
18 compliance with this statute, as follows:

19                   (i) For new renewable energy and zero-emission resources, an alternative compliance  
20 payment of forty dollars (\$40.00) per megawatt-hour of renewable energy obligation.

21                   (ii) For existing renewable energy and zero-emission resources, an alternative compliance  
22 payment of eleven dollars (\$11.00) per megawatt-hour of renewable energy obligation.

23                   (iii) All such payments shall be deposited into the renewable energy development fund and  
24 distributed in accordance with § 39-26-7(10).

25                   (2) "Commission" means the Rhode Island public utilities commission.

26                   (3) "Compliance year" means a calendar year beginning January 1 and ending December  
27 31, for which an obligated entity must demonstrate that it has met the requirements of this statute.

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

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

(7) "Eligible renewable energy and zero-emission resource" means resources as defined in  
§ 39-26-5 and § 39-26-5.1.

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

10 (9) "Existing renewable energy and zero-emission resources" means generation units using  
11 eligible renewable energy and zero-emission resources and first going into commercial operation  
12 before December 31, 1997.

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

16 (11) "Generation unit" means a facility that converts a fuel or an energy resource into  
17 electrical energy.

18 (12) "High-heat medical waste processing facility" means a facility that:

19 (i) Generates electricity from the combustion, gasification, or pyrolysis of regulated  
20 medical waste;

(ii) Generates electricity from the combustion of fuel derived from the gasification or pyrolysis of regulated medical waste; or

26 (13) "NE-GIS" means the generation information system operated by NEPOOL, its  
27 designee or successor entity, that includes a generation information database and certificate system,  
28 and that accounts for the generation attributes of electrical energy consumed within NEPOOL.

(14) "NE-GIS certificate" means an electronic record produced by the NE-GIS that identifies the relevant generation attributes of each megawatt-hour accounted for in the NE-GIS.

31 (15) "NEPOOL" means the New England Power Pool or its successor.

32 (16) "New renewable energy and zero-emission resources" means generation units using  
33 eligible renewable energy and zero-emission resources and first going into commercial operation  
34 after December 31, 1997; or the incremental output of generation units using eligible renewable

1 energy and zero-emission resources that have demonstrably increased generation in excess of ten  
2 percent (10%) using eligible renewable energy and zero-emission resources through capital  
3 investments made after December 31, 1997; but in no case involve any new impoundment or  
4 diversion of water with an average salinity of twenty (20) parts per thousand or less.

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

10 (18) "Off-grid generation facility" means a generation unit that is not connected to a utility  
11 transmission or distribution system.

12 (19) "Renewable energy and zero-emission resource" means any one or more of the  
13 renewable energy and zero-emission resources described in § 39-26-5(a) and § 39-26-5.1.

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

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

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

24 (23) "Small hydro facility" means a facility employing one or more hydroelectric turbine  
25 generators and with an aggregate capacity not exceeding thirty megawatts (30 MW). For purposes  
26 of this definition, "facility" shall be defined in a manner consistent with Title 18 of the Code of  
27 Federal Regulations, section 292.204; provided, however, that the size of the facility is limited to  
28 thirty megawatts (30 MW), rather than eighty megawatts (80 MW).

29 **39-26-4. Renewable energy standard.**

30 (a) Starting in compliance year 2007, all obligated entities shall obtain at least three percent  
31 (3%) of the electricity they sell at retail to Rhode Island end-use customers, adjusted for electric  
32 line losses, from eligible renewable energy and zero-emission resources, escalating, according to  
33 the following schedule:

34 (1) At least three percent (3%) of retail electricity sales in compliance year 2007;

(2) An additional one-half of one percent (0.5%) of retail electricity sales in each of the following compliance years 2008, 2009, 2010;

3 (3) An additional one percent (1%) of retail electricity sales in each of the following  
4 compliance years 2011, 2012, 2013, 2014, provided that the commission has determined the  
5 adequacy, or potential adequacy, of renewable and zero-emission energy supplies to meet these  
6 percentage requirements;

(4) An additional one and one-half percent (1.5%) of retail electricity sales in each of the following compliance years 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022;

9 (5) [Deleted by P.L. 2016, ch. 144, § 1 and P.L. 2016, ch. 155, § 1.]

10 (6) An additional four percent (4%) of retail electricity sales in 2023;

11 (7) An additional five percent (5%) of retail electricity sales in 2024;

12 (8) An additional six percent (6%) of retail electricity sales in 2025;

13 (9) An additional seven percent (7%) of retail electricity sales in 2026 ~~and 2027~~;

14 (10) An additional seven and one half percent (7.5%) of retail electricity sales in 2028;

15 (11) An additional eight percent (8%) of retail electricity sales in 2029;

16 (12) An additional eight and one half percent (8.5%) of retail electricity sales in 2030;

17                    (13) An additional nine percent (9%) of retail electricity sales in 2031; and

(14) An additional nine and one half percent (9.5%) of retail electricity sales in 2032 and 2033 to achieve the goal that one hundred percent (100%) of Rhode Island's electricity demand is from renewable energy by 2033 and each year thereafter.

21                   (10) Starting in compliance year 2027, all obligated entities shall obtain at least thirty-five  
22                   percent (35%) of the electricity they sell at retail to Rhode Island end-use customers, adjusted for  
23                   electric line losses, from eligible renewable energy and zero-emission resources, escalating,  
24                   according to the following schedule:

25                   (11) An additional one percent (1%) of retail electricity sales in each of compliance years  
26                   2028, 2029, 2030, and 2031;

27                   (12) An additional two percent (2%) of retail electricity sales in each of compliance years  
28                   2032, 2033, 2034, 2035, and 2036;

29 (13) An additional three percent (3%) of retail electricity sales in each of compliance years  
30 2037, 2038, 2039, 2040, 2041, 2042, and 2043;

31                   (13) An additional four percent (4%) of retail electricity sales in each of compliance years  
32                   2044, 2045, 2046, 2047, and 2048:

33 (14) An additional five percent (5%) of retail electricity sales in each of compliance years  
34 2049 and 2050 to achieve one hundred percent (100%) of Rhode Island's electricity demand is

1        from renewable energy and zero-emission resources by 2050 and each year thereafter.

2            (b) For each obligated entity and in each compliance year, the amount of retail electricity  
3        sales used to meet obligations under this statute that are derived from existing renewable energy  
4        and zero-emission resources shall not exceed ~~two percent (2%)~~ twenty-five percent (25%) of total  
5        retail electricity sales.

6            (c) The minimum renewable energy percentages set forth in subsection (a) shall be met for  
7        each electrical energy product offered to end-use customers, in a manner that ensures that the  
8        amount of renewable energy of end-use customers voluntarily purchasing renewable energy is not  
9        counted toward meeting such percentages. Notwithstanding the foregoing, municipalities engaged  
10      in aggregation pursuant to § 39-3-1.2 may include in their aggregation plan terms that would allow  
11      voluntary renewable energy products to be counted toward meeting such percentages. ~~In 2024, the~~  
12      ~~commission, with input from the office of energy resources, division of public utilities and carriers,~~  
13      ~~obligated entities, other market participants, and the public, shall assess the impact of allowing~~  
14      ~~voluntary renewable energy purchases to be counted toward meeting the annual percentages. The~~  
15      ~~commission shall submit a report of its findings and recommendations to the governor, speaker of~~  
16      ~~the house, and senate president no later than September 1, 2024.~~

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

28           (e) In lieu of providing NE-GIS certificates pursuant to subsection (d) of this section, an  
29        obligated entity may also discharge all or any portion of its compliance obligations by making an  
30        alternative compliance payment to the renewable energy development fund established pursuant to  
31        § 39-26-7.

32           (f) Retail electricity sales pursuant to a nonregulated power producer's supply contract that  
33        was executed prior to July 1, 2022, shall be required to obtain an additional one and one-half percent  
34        (1.5%) of retail electricity sales each year and are exempted from the requirements of subsections

1 (a)(6) through (a)(14) of this section until the end date of the term of the nonregulated power  
2 producer's supply contract.

3 **39-26-6. Duties of the commission.**

4 (a) The commission shall:

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

7 (i) Verifying the eligibility of renewable energy and zero-emission generators and the  
8 production of energy from such generators, including requirements to notify the commission in the  
9 event of a change in a generator's eligibility status;

10 (ii) Standards for contracts and procurement plans for renewable energy and zero-emission  
11 resources to achieve the purposes of this chapter;

12 (iii) Flexibility mechanisms for the purposes of easing compliance burdens; facilitating  
13 bringing new renewable and zero-emission resources on-line; and avoiding and/or mitigating  
14 conflicts with state-level source disclosure requirements and green marketing claims throughout  
15 the region; which flexibility mechanisms shall allow obligated entities to: (A) Demonstrate  
16 compliance over a compliance year; and (B) Bank excess compliance for ~~two (2)~~ three (3)  
17 subsequent compliance years, ~~capped at thirty percent (30%) of the current year's obligation~~; and

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

22 (2) Authorize rate recovery by electric-utility-distribution companies of all prudent  
23 incremental costs arising from the implementation of this chapter, including, without limitation:  
24 the purchase of NE-GIS certificates, including certificates from zero-emission resources; the  
25 payment of alternative compliance payments; required payments to support the NE-GIS;  
26 assessments made pursuant to § 39-26-7(c); and the incremental costs of complying with energy  
27 source disclosure requirements.

28 (3) Certify eligible renewable energy and zero-emission resources by issuing statements of  
29 qualification within ninety (90) days of application. The commission shall provide prospective  
30 reviews for applicants seeking to determine whether a facility would be eligible.

31 (4) [Deleted by P.L. 2022, ch. 218, § 1 and P.L. 2022, ch. 226, § 1.]

32 (5) Establish sanctions for those obligated entities that, after investigation, have been found  
33 to fail to reasonably comply with the commission's regulations. No sanction or penalty shall relieve  
34 or diminish an obligated entity from liability for fulfilling any shortfall in its compliance obligation;

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

7 (6) Report, by February 15, 2006, and by February 15 each year thereafter, to the governor,  
8 the speaker of the house, and the president of the senate on the status of the implementation of the  
9 renewable energy standards in Rhode Island and other states, and which report shall include in  
10 2009, and each year thereafter, the level of use of renewable energy certificates by eligible  
11 renewable energy and zero-emission resources, and the portion of renewable energy standards met  
12 through alternative compliance payments, and the amount of rate increases authorized pursuant to  
13 subsection (a)(2) of this section.

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

32 **39-26-7. Renewable energy development fund.**

33 (a) There is hereby authorized and created within the Rhode Island commerce corporation  
34 a renewable energy development fund for the purpose of increasing the supply of NE-GIS

1 certificates available for compliance in future years by obligated entities with renewable energy  
2 standard requirements, as established in this chapter. The fund shall be located at the Rhode Island  
3 commerce corporation. The Rhode Island commerce corporation shall administer the fund and  
4 adopt plans and guidelines for the management and use of the fund in coordination with the office  
5 of energy resources ~~and the Rhode Island infrastructure bank~~.

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

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

11 (1) Stimulating investment in renewable energy development by entering into agreements,  
12 including multiyear agreements, for renewable energy certificates;

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

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

17 (4) Implementing and supporting commercial and residential property assessed clean-  
18 energy projects;

19 (5) Clean transportation, including electric vehicles and charging infrastructure stations;

20 (6) Energy storage projects:

21 (5) (7) Issuing assurances and/or guarantees to support the acquisition of renewable energy  
22 certificates and/or the development of new renewable energy sources for Rhode Island;

23 (6) (8) Establishing escrows, reserves, and/or acquiring insurance for the obligations of the  
24 fund;

25 (7) (9) Paying administrative costs of the fund incurred by the Rhode Island commerce  
26 corporation, ~~the Rhode Island infrastructure bank~~, and the office of energy resources, not to exceed  
27 ten percent (10%) of the income of the fund, including, but not limited to, alternative compliance  
28 payments. All funds transferred from the Rhode Island commerce corporation to support the office  
29 of energy resources' administrative costs shall be deposited as restricted receipts.

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

33 (e) NE-GIS certificates acquired through the fund may be conveyed to obligated entities or  
34 may be credited against the renewable energy standard for the year of the certificate provided that

1 the commission assesses the cost of the certificates to the obligated entity, or entities, benefiting  
2 from the credit against the renewable energy standard, which assessment shall be reduced by  
3 previously made alternative compliance payments and shall be paid to the fund.

4 (10) Effective January 1, 2027, fifty percent (50%) of all alternative compliance payment  
5 revenues shall be transferred to the electric distribution company, with oversight and approval of  
6 the office of energy resources, for the purpose of providing direct rate relief, to be applied as bill  
7 credits to all ratepayer accounts. The electric distribution company shall file a proposed direct rate  
8 relief plan with the Public Utilities Commission for review and approval no later than sixty (60)  
9 days after receipt of such funds.

10 (11) All expenditures, contracts, grants, and other programmatic activities undertaken  
11 using monies pursuant to this section shall be subject to the prior review and approval of the office  
12 of energy resources.

13 SECTION 9. Section 39-26.1-4 of the General Laws in Chapter 39-26.1 entitled "Long-  
14 Term Contracting Standard for Renewable Energy" is hereby repealed.

15 **39-26.1-4. Financial remuneration and incentives.**

16 ~~In order to achieve the purposes of this chapter, electric distribution companies shall be~~  
17 ~~entitled to financial remuneration and incentives for long term contracts for newly developed~~  
18 ~~renewable energy resources, which are over and above the base rate revenue requirement~~  
19 ~~established in its cost of service for distribution ratemaking. Such remuneration and incentives shall~~  
20 ~~compensate the electric distribution company for accepting the financial obligation of the long~~  
21 ~~term contracts. The financial remuneration and incentives described in this section shall apply only~~  
22 ~~to long term contracts for newly developed renewable energy resources. For long term contracts~~  
23 ~~approved pursuant to this chapter before January 1, 2022, the financial remuneration and incentives~~  
24 ~~shall be in the form of annual compensation, equal to two and three quarters percent (2.75%) of the~~  
25 ~~actual annual payments made under the contracts for those projects that are commercially~~  
26 ~~operating, unless determined otherwise by the commission at the time of approval. For long term~~  
27 ~~contracts approved pursuant to this chapter on or after January 1, 2022, including contracts above~~  
28 ~~the minimum long term contract capacity, the financial remuneration and incentives shall be in the~~  
29 ~~form of annual compensation up to one percent (1.0%) of the actual annual payments made under~~  
30 ~~the contracts through December 31, 2026, for those projects that are commercially operating. For~~  
31 ~~all long term contracts approved pursuant to this chapter on or after January 1, 2027, financial~~  
32 ~~remuneration and incentives shall not be applied, unless otherwise granted by the commission. For~~  
33 ~~any calendar year in which the electric distribution company's actual return on equity exceeds the~~  
34 ~~return on equity allowed by the commission in the electric distribution company's last general rate~~

1 ~~case, the commission shall have the authority to adjust any or all remuneration paid to the electric~~  
2 ~~distribution company pursuant to this section in order to assure that such remuneration does not~~  
3 ~~result in or contribute toward the electric distribution company earning above its allowed return for~~  
4 ~~such calendar year.~~

5 SECTION 10. Section 39-26.4-2 of the General Laws in Chapter 39-26.4 entitled "Net  
6 Metering" is hereby amended to read as follows:

7 **39-26.4-2. Definitions.**

8 Terms not defined in this section herein shall have the same meaning as contained in  
9 chapter 26 of this title. When used in this chapter:

10 (1) "Community remote net-metering system" means a facility generating electricity using  
11 an eligible net-metering resource that allocates net-metering credits to a minimum of one account  
12 for a system associated with low- or moderate-income housing eligible credit recipients, or three  
13 (3) eligible credit-recipient customer accounts, provided that no more than fifty percent (50%) of  
14 the credits produced by the system are allocated to one eligible credit recipient, and provided further  
15 at least fifty percent (50%) of the credits produced by the system are allocated to the remaining  
16 eligible credit recipients in an amount not to exceed that which is produced annually by twenty-  
17 five kilowatt (25 KW) AC capacity. The community remote net-metering system may transfer  
18 credits to eligible credit recipients in an amount that is equal to or less than the sum of the usage of  
19 the eligible credit recipient accounts measured by the three-year (3) average annual consumption  
20 of energy over the previous three (3) years. A projected annual consumption of energy may be used  
21 until the actual three-year (3) average annual consumption of energy over the previous three (3)  
22 years at the eligible credit recipient accounts becomes available for use in determining eligibility  
23 of the generating system. The community remote net-metering system may be owned by the same  
24 entity that is the customer of record on the net-metered account or may be owned by a third party.

25 (2) "Core forest" refers to unfragmented forest blocks of single or multiple parcels totaling  
26 two hundred fifty (250) acres or greater unbroken by development and at least twenty-five (25)  
27 yards from mapped roads, with eligibility questions to be resolved by the director of the department  
28 of environmental management. Such determination shall constitute a contested case as defined in  
29 § 42-35-1.

30 (3) "Electric distribution company" shall have the same meaning as § 39-1-2, but shall not  
31 include Block Island Power Company or Pascoag Utility District, each of whom shall be required  
32 to offer net metering to customers through a tariff approved by the public utilities commission after  
33 a public hearing. Any tariff or policy on file with the public utilities commission on the date of  
34 passage of this chapter shall remain in effect until the commission approves a new tariff.

(4) "Eligible credit recipient" means one of the following eligible recipients in the electric distribution company's service territory whose electric service account or accounts may receive net-metering credits from a community remote net-metering system. Eligible credit recipients include the following definitions:

5 (i) Residential accounts in good standing.

6 (ii) "Low- or moderate-income housing eligible credit recipient" means an electric service  
7 account or accounts in good standing associated with any housing development or developments  
8 owned or operated by a public agency, nonprofit organization, limited-equity housing cooperative,  
9 or private developer that receives assistance under any federal, state, or municipal government  
10 program to assist the construction or rehabilitation of housing affordable to low- or moderate-  
11 income households, as defined in the applicable federal or state statute, or local ordinance,  
12 encumbered by a deed restriction or other covenant recorded in the land records of the municipality  
13 in which the housing is located, that:

14 (A) Restricts occupancy of no less than fifty percent (50%) of the housing to households  
15 with a gross, annual income that does not exceed eighty percent (80%) of the area median income  
16 as defined annually by the United States Department of Housing and Urban Development (HUD);

(B) Restricts the monthly rent, including a utility allowance, that may be charged to residents, to an amount that does not exceed thirty percent (30%) of the gross, monthly income of a household earning eighty percent (80%) of the area median income as defined annually by HUD;

20 (C) Has an original term of not less than thirty (30) years from initial occupancy

21           Electric service account or accounts in good standing associated with housing  
22 developments that are under common ownership or control may be considered a single low- or  
23 moderate-income housing eligible credit recipient for purposes of this section. The value of the  
24 credits shall be used to provide benefits to tenants.

25 (iii) "Educational institutions" means public and private schools at the primary, secondary,  
26 and postsecondary levels.

27 (iv) "Commercial or industrial customers" means any nonresidential customer of the  
28 electric distribution company.

29 (5) "Eligible net-metering resource" means eligible renewable energy resource, as defined  
30 in § 39-26-5 including biogas created as a result of anaerobic digestion, but, specifically excluding  
31 all other listed eligible biomass fuels.

(6) "Eligible net-metering system" means a facility generating electricity using an eligible net-metering resource that, for any system with a nameplate capacity in excess of twenty-five kilowatts (25 KW), is reasonably designed and sized to annually produce electricity in an amount

1 that is equal to, or less than, the renewable self-generator's usage at the eligible net-metering system  
2 site measured by the three-year (3) average annual consumption of energy over the previous three  
3 (3) years at the electric distribution account(s) located at the eligible net-metering system site. A  
4 projected annual consumption of energy may be used until the actual three-year (3) average annual  
5 consumption of energy over the previous three (3) years at the electric distribution account(s)  
6 located at the eligible net-metering system site becomes available for use in determining eligibility  
7 of the generating system. For any system with a nameplate capacity equal to or less than twenty-  
8 five kilowatts (25 KW), eligibility shall not be restricted based on prior consumption. The eligible  
9 net-metering system may be owned by the same entity that is the customer of record on the net-  
10 metered accounts or may be owned by a third party that is not the customer of record at the eligible  
11 net-metering system site and which may offer a third-party, net-metering financing arrangement or  
12 net-metering financing arrangement, as applicable. Notwithstanding any other provisions of this  
13 chapter, any eligible net-metering resource: (i) Owned by a public entity, educational institution,  
14 hospital, nonprofit, or multi-municipal collaborative; or (ii) Owned and operated by a renewable-  
15 generation developer on behalf of a public entity, educational institution, hospital, nonprofit, or  
16 multi-municipal collaborative through a net-metering financing arrangement shall be treated as an  
17 eligible net-metering system and all accounts designated by the public entity, educational  
18 institution, hospital, nonprofit, or multi-municipal collaborative for net metering shall be treated as  
19 accounts eligible for net metering within an eligible net-metering system site; or (iii) Owned and  
20 operated by a renewable-generation developer on behalf of one or more commercial or industrial  
21 customer(s) through net-metering financing arrangement(s) shall be treated as an eligible net-  
22 metering system within an eligible net-metering system site. Notwithstanding any other provision  
23 to the contrary, effective July 1, 2060, an eligible net-metering system means a facility generating  
24 electricity using an eligible net-metering resource that is interconnected behind the same meter as  
25 the net-metering customer's load.

26 (7) "Eligible net-metering system site" means the site where the eligible net-metering  
27 system or community remote net-metering system is located or is part of the same campus or  
28 complex of sites contiguous to one another and the site where the eligible net-metering system or  
29 community remote net-metering system is located or a farm on which the eligible net-metering  
30 system or community remote net-metering system is located. Except for an eligible net-metering  
31 system owned by or operated on behalf of a public entity, educational institution, hospital,  
32 nonprofit, or multi-municipal collaborative or for a commercial or industrial customer through a  
33 net-metering financing arrangement, the purpose of this definition is to reasonably assure that  
34 energy generated by the eligible net-metering system is consumed by net-metered electric service

1 account(s) that are actually located in the same geographical location as the eligible net-metering  
2 system. All energy generated from any eligible net-metering system is, and will be considered,  
3 consumed at the meter where the renewable energy resource is interconnected for valuation  
4 purposes. Except for an eligible net-metering system owned by, or operated on behalf of, a public  
5 entity, educational institution, hospital, nonprofit, or multi-municipal collaborative, or for a  
6 commercial or industrial customer through a net-metering financing arrangement, or except for a  
7 community remote net-metering system, all of the net-metered accounts at the eligible net-metering  
8 system site must be the accounts of the same customer of record and customers are not permitted  
9 to enter into agreements or arrangements to change the name on accounts for the purpose of  
10 artificially expanding the eligible net-metering system site to contiguous sites in an attempt to avoid  
11 this restriction. However, a property owner may change the nature of the metered service at the  
12 accounts at the site to be master metered in the owner's name, or become the customer of record  
13 for each of the accounts, provided that the owner becoming the customer of record actually owns  
14 the property at which the account is located. As long as the net-metered accounts meet the  
15 requirements set forth in this definition, there is no limit on the number of accounts that may be net  
16 metered within the eligible net-metering system site.

17 (8) "Excess renewable net-metering credit" means a credit that applies to an eligible net-  
18 metering system or community remote net-metering system for that portion of the production of  
19 electrical energy beyond one hundred percent (100%) and no greater than one hundred twenty-five  
20 percent (125%), except for any system with a nameplate capacity equal to or less than twenty-five  
21 kilowatts (25 KW) for which excess renewable net-metering credit applies to all production of  
22 electrical energy beyond one hundred percent (100%) of the renewable self-generator's own  
23 consumption at the eligible net-metering system site or the sum of the usage of the eligible credit  
24 recipient accounts associated with the community remote net-metering system during the  
25 applicable billing period.

26 For electrical energy produced greater than one hundred percent (100%) of the renewable  
27 self-generator's own electricity consumption at the eligible net-metering system site or the sum of  
28 the usage of the eligible credit recipient accounts associated with the community remote net-  
29 metering system during the applicable billing period, excess renewable net-metering credits shall  
30 be equal to the wholesale electricity rate, which is hereby declared to be the ISO-New England  
31 energy clearing price. When applying the ISO-New England energy clearing price to calculate the  
32 value of excess renewable net-metering credits, the electric distribution company, subject to  
33 commission approval and subject to amendment from time to time, may use an annual average,  
34 monthly average, or other time increment and may use Rhode Island zone pricing or other

1 applicable locational pricing. The commission shall have the authority to make determinations as  
2 to the applicability of this credit to specific generation facilities to the extent there is any uncertainty  
3 or disagreement.

4 (9) “Farm” shall be defined in accordance with § 44-27-2, except that all buildings  
5 associated with the farm shall be eligible for net-metering credits as long as: (i) The buildings are  
6 owned by the same entity operating the farm or persons associated with operating the farm; and (ii)  
7 The buildings are on the same farmland as the project on either a tract of land contiguous with, or  
8 reasonably proximate to, such farmland or across a public way from such farmland.

9 (10) “Grid access fee” means a monthly fee, determined by the commission, that an electric  
10 distribution company must use to offset distribution costs associated with net metering systems that  
11 otherwise would be paid by ratepayers. The grid access fee shall be assessed to all eligible net-  
12 metering systems and or community remote net-metering systems with a nameplate capacity equal  
13 to or greater than one (1) megawatt of capacity. For systems with a nameplate capacity of less than  
14 one (1) megawatt, the fee shall be zero. The commission shall determine the grid access fee  
15 applicable to systems described herein and shall establish a process by which the electric  
16 distribution company must apply the grid access fee to offset distribution costs. Beginning January  
17 1, 2027, the initial monthly grid access fee established by the commission must be: a) for a system  
18 with a nameplate capacity of one (1) megawatt or more and less than three (3) megawatts, \$1.40  
19 multiplied by the nameplate capacity of the system in kilowatts; b) for a system with a nameplate  
20 capacity of three (3) megawatts or more and less than five (5) megawatts, \$3.00 multiplied by the  
21 nameplate capacity of the system in kilowatts; and c) for systems with a nameplate capacity of five  
22 (5) megawatts or more, \$4.49 multiplied by the nameplate capacity of the system in kilowatts. The  
23 commission shall periodically review the initial grid access fee to account for increases in  
24 transmission and distribution rates.

25 ~~(10)~~ (11) “Hospital” means and shall be defined and established as set forth in chapter 17  
26 of title 23.

27 ~~(11)~~ (12) “Multi-municipal collaborative” means a group of towns and/or cities that enter  
28 into an agreement for the purpose of co-owning a renewable-generation facility or entering into a  
29 financing arrangement pursuant to subsection (15).

30 ~~(12)~~ (13) “Municipality” means any Rhode Island town or city, including any agency or  
31 instrumentality thereof, with the powers set forth in title 45.

32 ~~(13)~~ (14) “Net metering” means using electrical energy generated by an eligible net-  
33 metering system for the purpose of self-supplying electrical energy and power at the eligible net-  
34 metering system site, or with respect to a community remote net-metering system, for the purpose

1 of generating net-metering credits to be applied to the electric bills of the eligible credit recipients  
2 associated with the community net-metering system. The amount so generated will thereby offset  
3 consumption at the eligible net-metering system site through the netting process established in this  
4 chapter, or with respect to a community remote net-metering system, the amounts generated in  
5 excess of that amount will result in credits being applied to the eligible credit-recipient accounts  
6 associated with the community remote net-metering system.

7        **(14) (15)** “Net-metering customer” means a customer of the electric distribution company  
8 receiving and being billed for distribution service whose distribution account(s) are being net  
9 metered.

10        **(15) (16)** “Net-metering financing arrangement” means arrangements entered into by a  
11 public entity, educational institution, hospital, nonprofit, multi-municipal collaborative, or a  
12 commercial or industrial customer with a private entity to facilitate the financing and operation of  
13 a net-metering resource, in which the private entity owns and operates an eligible net-metering  
14 resource on behalf of a public entity, educational institution, hospital, nonprofit, multi-municipal  
15 collaborative, or commercial or industrial customer, where: (i) The eligible net-metering resource  
16 is located on property owned or controlled by the public entity, educational institution, hospital,  
17 municipality, multi-municipal collaborative, or commercial or industrial customer as applicable;  
18 and (ii) The production from the eligible net-metering resource and primary compensation paid by  
19 the public entity, educational institution, hospital, nonprofit, multi-municipal collaborative, or  
20 commercial or industrial customer to the private entity for such production is directly tied to the  
21 consumption of electricity occurring at the designated net-metered accounts.

22        **(16) (17)** “Nonprofit” means a nonprofit corporation as defined and established through  
23 chapter 6 of title 7, and shall include religious organizations that are tax exempt pursuant to 26  
24 U.S.C. § 501(d).

25        **(17) (18)** “Person” means an individual, firm, corporation, association, partnership, farm,  
26 town or city of the state of Rhode Island, multi-municipal collaborative, or the state of Rhode Island  
27 or any department of the state government, governmental agency, or public instrumentality of the  
28 state.

29        **(18) (19)** “Preferred site” means a location for a renewable energy system that has had prior  
30 development, including, but not limited to: landfills, gravel pits and quarries, highway and major  
31 road median strips, brownfields, superfund sites, parking lots or sites that are designated  
32 appropriate for carports, and all rooftops including, but not limited to, residential, commercial,  
33 industrial, and municipal buildings.

34        **(19) (20)** “Project” means a distinct installation of an eligible net-metering system or a

1 community remote net-metering system. An installation will be considered distinct if it is installed  
2 in a different location, or at a different time, or involves a different type of renewable energy.  
3 Subject to the safe-harbor provisions in § 39-26.4-3(a)(1), new and distinct projects cannot be  
4 located on adjoining parcels of land within core forests, except for preferred sites.

5 ~~(20)~~ (21) “Public entity” means the federal government, the state of Rhode Island,  
6 municipalities, wastewater treatment facilities, public transit agencies, or any water distributing  
7 plant or system employed for the distribution of water to the consuming public within this state  
8 including the water supply board of the city of Providence.

9 ~~(21)~~ (22) “Public entity net-metering system” means a system generating renewable energy  
10 at a property owned or controlled by the public entity that is participating in a net-metering  
11 financing arrangement where the public entity has designated accounts in its name to receive net-  
12 metering credits.

13 ~~(22)~~ (23) “Renewable net-metering credit” means a credit that applies to an eligible net-  
14 metering system or a community remote net-metering system up to one hundred percent (100%) of  
15 either the renewable self-generator’s usage at the eligible net-metering system site or the sum of  
16 the usage of the eligible credit-recipient accounts associated with the community remote net-  
17 metering system over the applicable billing period. This credit shall be equal to the total kilowatt  
18 hours of electrical energy generated up to the amount consumed on-site, and/or generated up to the  
19 sum of the eligible credit-recipient account usage during the billing period multiplied by the sum  
20 of the distribution company’s:

21 (i) Last resort service kilowatt-hour charge for the rate class applicable to the net-metering  
22 customer, except that for remote public entity and multi-municipality collaborative net-metering  
23 systems that submit an application for an interconnection study on or after July 1, 2017, and  
24 community remote net-metering systems, the last resort service kilowatt-hour charge shall be net  
25 of the renewable energy standard charge or credit;

26 (ii) Distribution kilowatt-hour charge;

27 (iii) Transmission kilowatt-hour charge; and

28 (iv) Transition kilowatt-hour charge.

29 For projects after April 15, 2023, subject to the allowable two hundred seventy-five  
30 megawatts alternating current (275 MWac), under § 39-26.4-3(a)(1)(vi), the credit shall be reduced  
31 by twenty percent (20%).

32 For all eligible net-metering systems with a nameplate capacity equal to or greater than one  
33 (1) megawatt, and all community remote net-metering systems with a nameplate capacity equal to  
34 or greater than one (1) megawatt, the net metering credit shall be calculated under § 39-26.4-

1       2(23)(i)-(iv), based on the charges in effect on July 1, 2026.

2           Notwithstanding the foregoing, except for systems that have requested an interconnection  
3 study for which payment has been received by the distribution company, or if an interconnection  
4 study is not required, a completed and paid interconnection application, by December 31, 2018, the  
5 renewable net-metering credit for all remote public entity and multi-municipal collaborative net-  
6 metering systems shall ~~not include the distribution kilowatt hour charge~~ be the wholesale rate as  
7 defined in subsection (8) commencing on January 1, ~~2060~~ 2045.

8           ~~(23)~~ (24) “Renewable self-generator” means an electric distribution service customer of  
9 record for the eligible net-metering system or community remote net-metering system at the eligible  
10 net-metering system site which system is primarily designed to produce electrical energy for  
11 consumption by that same customer at its distribution service account(s), and/or, with respect to  
12 community remote net-metering systems, electrical energy which generates net-metering credits to  
13 be applied to offset the eligible credit-recipient account usage.

14           ~~(24)~~ (25) “Third party” means and includes any person or entity, other than the renewable  
15 self-generator, who or that owns or operates the eligible net-metering system or community remote  
16 net-metering system on the eligible net-metering system site for the benefit of the renewable self-  
17 generator.

18           ~~(25)~~ (26) “Third-party, net-metering financing arrangement” means the financing of  
19 eligible net-metering systems or community remote net-metering systems through lease  
20 arrangements or power/credit purchase agreements between a third party and renewable self-  
21 generator, except for those entities under a public entity net-metering financing arrangement. A  
22 third party engaged in providing financing arrangements related to such net-metering systems with  
23 a public or private entity is not a public utility as defined in § 39-1-2.

24           SECTION 11. Section 39-31-11 of the General Laws in Chapter 39-31 entitled "Affordable  
25 Clean Energy Security Act" is hereby repealed.

26           **39-31-11. Financial remuneration and incentives.**

27           ~~In order to achieve the purposes of this chapter, electric distribution companies shall be~~  
28 ~~entitled to financial remuneration and incentives for long term contracts for newly developed~~  
29 ~~renewable energy resources, which are over and above the base rate revenue requirement~~  
30 ~~established in its cost of service for distribution ratemaking. Such remuneration and incentives shall~~  
31 ~~compensate the electric distribution company for accepting the financial obligation of the long~~  
32 ~~term contracts. For long term contracts approved pursuant to this chapter on or after January 1,~~  
33 ~~2022, the financial remuneration and incentives shall be in the form of annual compensation up to~~  
34 ~~one percent (1.0%) of the actual annual payments made under the contracts through December 31,~~

1 ~~2026, for those projects that are commercially operating. For long term contracts approved~~  
2 ~~pursuant to this chapter on or after January 1, 2027, financial remuneration and incentives shall not~~  
3 ~~be applied, unless otherwise granted by the commission. For any calendar year in which the electric~~  
4 ~~distribution company's actual return on equity exceeds the return on equity allowed by the~~  
5 ~~commission in the electric distribution company's last general rate case, the commission shall have~~  
6 ~~the authority to adjust any or all remuneration paid to the electric distribution company pursuant to~~  
7 ~~this section in order to assure that such remuneration does not result in or contribute toward the~~  
8 ~~electric distribution company earning above its allowed return for such calendar year.~~

9 SECTION 12. Chapter 42-14.5 of the General Laws entitled "The Rhode Island Health  
10 Care Reform Act of 2004 — Health Insurance Oversight" is hereby amended by adding thereto the  
11 following section:

12 **42-14.5-3.2. Health spending accountability and transparency program.**

13 (a) The health insurance commissioner shall establish a health spending accountability and  
14 transparency program with the following goals that are designed to promote affordability and curb  
15 health care spending growth in Rhode Island:

16 (1) understand and create transparency around health care costs and the drivers of cost  
17 growth;

18 (2) create shared accountability for health care costs and cost growth among insurers,  
19 providers, and government by measuring performance against a cost growth target tied to one or  
20 more economic indicators; and

21 (3) lessen the negative impact of rising health care costs on Rhode Island residents,  
22 businesses, and government.

23 (b) The health insurance commissioner shall administer the health spending accountability  
24 and transparency program and shall convene and chair the following advisory bodies to provide  
25 input into the implementation of the program:

26 (1) An affordability advisory committee comprised of individuals without direct financial  
27 interests in the health care system, including but not limited to independent health policy experts,  
28 consumers or consumer representatives, employers or employer representatives, and  
29 representatives of organized labor. The affordability advisory committee shall consist of eight (8)  
30 members, as follows:

31 (i) two independent health policy expert members shall be appointed by the governor;  
32 (ii) one consumer representative and one employer or organized labor representative shall  
33 be appointed by the president of the senate;

34 (iii) one consumer representative and one employer or organized labor representative shall

1      be appointed by the speaker of the house;  
2            (iv) the secretary of health and human services or their designee; and  
3            (v) the health insurance commissioner or their designee;  
4            (2) A stakeholder advisory council that includes, but shall not be limited to, representatives  
5      of hospitals, health insurers, providers, and pharmaceutical manufacturers, in addition to  
6      independent health policy experts, consumers or consumer representatives, employers or employer  
7      representatives, and representatives of organized labor, all of whom shall be appointed by the health  
8      insurance commissioner.

9            (c) For calendar years 2026 and 2027, the health insurance commissioner shall establish  
10      the annual health care cost growth targets pursuant to the 2023 Compact to Reduce the Growth in  
11      Health Care Costs while Improving Health Care Access, Equity, Patient Experience, and Quality  
12      in Rhode Island.

13            (d) Not later than July 1, 2027, and every five years thereafter, the health insurance  
14      commissioner shall establish annual health care cost growth targets for the succeeding five calendar  
15      years for payers and large provider entities. In developing the health care cost growth targets, the  
16      commissioner shall minimally consider:

17            (1) historical and forecasted changes in median household income in the state;  
18            (2) the growth rate of potential gross state product;  
19            (3) the most recent annual report prepared by the health insurance commissioner, pursuant  
20      to subsection (g) of this section;

21            (4) recommendations from the affordability advisory committee and stakeholder advisory  
22      council established pursuant to subsections (b)(1) and (b)(2) of this section, including any  
23      information and analyses used to inform such recommendations.

24            (e) Not later than July 1, 2027, and every five years thereafter, the health insurance  
25      commissioner, in collaboration with the executive office of health and human services, shall  
26      establish annual all-payer primary care investment targets for the succeeding five calendar years.  
27      In developing the all-payer primary care investment targets, the commissioner shall consider  
28      recommendations from the affordability advisory committee and stakeholder advisory council  
29      pursuant to subsections (b)(1) and (b)(2) of this section.

30            (f) The health insurance commissioner shall establish requirements for payers to report data  
31      and other information necessary to calculate and monitor health care cost growth; evaluate  
32      performance against the health care cost growth target established under subsections (c) and (d) of  
33      this section; evaluate performance against the all-payer primary care investment target established  
34      under subsection (e) of this section; and measure quality, public health, and health equity

1      performance, as defined by the health insurance commissioner. Such data shall include but not be  
2      limited to:

3          (1) total and per capita health care expenditures;  
4          (2) total and per capita medical expenses;  
5          (3) net cost of private health insurance;  
6          (4) primary care expenditures;  
7          (5) quality performance data from the office of the health insurance commissioner's  
8          aligned measure set, as designated by the health insurance commissioner, with input from a  
9          workgroup with expertise in quality measure alignment convened by the health insurance  
10     commissioner; and

11     (6) performance on a set of public health and accountability measures, as designated by the  
12     health insurance commissioner, with input from the executive office of health and human services,  
13     the department of health, and a workgroup with expertise in public health convened by the health  
14     insurance commissioner.

15     (g) The health insurance commissioner shall publish an annual report on health care  
16     spending and quality in Rhode Island which includes, but is not limited to, the following:

17     (1) total and per capita health care spending trends at the statewide, insurance market,  
18     individual payer, and large provider entity levels, including performance against the cost growth  
19     target at each of these levels;

20     (2) net cost of private health insurance by insurance market and payer;  
21     (3) primary care spending as a percentage of total medical expenses and annual primary  
22     care spending growth, including progress toward meeting the all-payer primary care investment  
23     target established in subsection (e) of this section;

24     (4) an analysis of the drivers of health care spending growth by service category, as well  
25     as the relative contribution of utilization and price on the rate of growth, using data from the All-  
26     Payer Claims Database;

27     (5) performance on select quality measures from the health insurance commissioner  
28     commissioner's aligned measure set, pursuant to subsection (f)(5) of this section;

29     (6) performance on a set of public health and accountability measures pursuant to  
30     subsection (f)(6) of this section;

31     (7) status of ongoing performance improvement plans, results of performance  
32     improvement plans completed during the prior performance year, and any penalties imposed due  
33     to non-compliance with developing or implementing a performance improvement plan pursuant to  
34     subsection (i) of this section; and

1        (8) recommendations for policy changes that may include, but not be limited to, strategies  
2        to improve affordability for Rhode Island residents, control health care spending growth while  
3        maintaining high standards for quality health care, and improve the oversight, performance and  
4        efficiency of Rhode Island's health care system.

5        (h) (1) The health insurance commissioner shall convene an annual public hearing  
6        following the release of the annual report required pursuant to subsection (g) of this section. Such  
7        public hearing shall involve an examination of:

8                   (i) the report most recently prepared by the health insurance commissioner pursuant to  
9                   subsection (g) of this section;

10           (ii) the expenditures of provider entities and payers, including, but not limited to, health  
11           care cost trends, primary care spending as a percentage of total medical expenses, and the factors  
12           contributing to such costs and expenditures; and

13                   (iii) any other matters that the health insurance commissioner deems relevant for the  
14                   purposes of this section.

15       (2) The health insurance commissioner may require any payer or provider entity that, for  
16       the performance year, is found to have exceeded the health care cost growth target or has failed to  
17       meet the all-payer primary care investment target, to participate in such hearing. The health  
18       insurance commissioner may further require any payer, provider entity, or other entity, including  
19       but not limited to a pharmaceutical manufacturer or pharmacy benefit manager, that is found to  
20       have significantly contributed to health care spending growth in the state, as determined by the  
21       commissioner, to participate in such hearing. Each payer, provider entity, or other entity that is  
22       required to participate in such hearing shall provide testimony on issues identified by the health  
23       insurance commissioner and provide additional information on actions taken to reduce such payer's  
24       or entity's contribution to future statewide health care spending or to increase such payer's or  
25       provider entity's primary care spending as a percentage of total medical expenses.

26        (3) The health insurance commissioner shall allow representatives from consumer groups,  
27        employers, organized labor, community organizations, members of the public, and other interested  
28        parties to provide testimony as part of the annual public hearing.

29 (i)(1) The health insurance commissioner may require any commercial health insurer or  
30 large provider entity that has commercial market spending growth that exceeds the health care cost  
31 growth target in any two out of three performance years to develop and implement a performance  
32 improvement plan. For the purposes of requiring a performance improvement plan, a large provider  
33 entity must have at least 120,000 attributed member months across commercial health insurers.

## (2) A performance improvement plan must:

(i) identify key spending drivers and include concrete strategies and steps a large provider entity or commercial health insurer will take to address such spending drivers:

(ii) identify an appropriate timeline for implementation, including a timeframe by which the large provider entity or commercial health insurer will be subject to an evaluation by the health insurance commissioner; and

(iii) have clear measurements of success. The commissioner may provide guidance, feedback, and additional recommendations to a commercial health insurer or large provider entity in developing a performance improvement plan.

(3) The health insurance commissioner shall review and approve, modify, or reject all performance improvement plans.

(4) The health insurance commissioner shall monitor implementation throughout the duration of the performance improvement plan to assess compliance with the performance improvement plan's terms and shall determine at the conclusion of the performance improvement plan whether the entity has adequately addressed the targeted spending drivers.

(5) If the health insurance commissioner determines that the performance improvement plan does not adequately meet the requirements in subsection (i)(2) of this section, or that an entity has failed to comply with the terms of the performance improvement plan pursuant to subsection (i)(4), the commissioner may impose a financial penalty on the commercial health insurer or large provider entity. The health insurance commissioner shall develop criteria for imposing the financial penalty based on factors that include, but are not limited to:

(i) the degree to which the large provider entity or commercial health insurer exceeded the target;

(ii) the size of the large provider entity or commercial health insurer entity;

(iii) the good faith efforts of the large provider entity or commercial health insurer to address health care spending growth; and

(iv) the financial condition of the large provider entity or commercial health insurer, according to criteria adopted by the health insurance commissioner.

(6) The total cost of the health insurance commissioner's review of a performance improvement plan pursuant to subsection (i)(3) of this section, monitoring implementation of a performance improvement plan pursuant to subsection (i)(4) of this section, and determination of compliance with a performance improvement plan pursuant to subsection (i)(4) of this section shall be borne by the commercial health insurer or large provider entity subject to the performance improvement plan, according to parameters defined by the health insurance commissioner.

(j) The health insurance commissioner may establish data sharing agreements with the

1 executive office of health and human services, department of health, and any other identified state  
2 agency to meet the requirements of this section and ensure a comprehensive view of health care  
3 spending trends.

4 (k) The health insurance commissioner shall adopt a schedule of civil penalties determined  
5 by the severity of the violation for: (i) any payer that fails to submit required data, submits  
6 incomplete data, or otherwise obstructs data reporting pursuant to subsection (f) of this section; and  
7 (ii) any payer, provider, or other entity that fails to comply with the health insurance  
8 commissioner's request to provide testimony during the annual public hearing pursuant to  
9 subsection (h) of this section.

10 SECTION 13. Section 42-14.5-2.1 of the General Laws in Chapter 42-14.5 entitled "The  
11 Rhode Island Health Care Reform Act of 2004 — Health Insurance Oversight" is hereby amended  
12 to read as follows:

13 **42-14.5-2.1. Definitions.**

14 As used in this chapter:

15 (1) "Accountability standards" means measures including service processes, client and  
16 population outcomes, practice standard compliance, and fiscal integrity of social and human service  
17 providers on the individual contractual level and service type for all state contracts of the state or  
18 any subdivision or agency to include, but not limited to, the department of children, youth and  
19 families (DCYF), the department of behavioral healthcare, developmental disabilities and hospitals  
20 (BHDDH), the department of human services (DHS), the department of health (DOH), and  
21 Medicaid. This may include mandatory reporting, consolidated, standardized reporting, audits  
22 regardless of organizational tax status, and accountability dashboards of aforementioned state  
23 departments or subdivisions that are regularly shared with the public.

24 (2) "Accountable Care Organization" means, for the purposes of § 42-14.5-3.2, a provider  
25 organization contracted with one or more payers and held accountable for the quality of health care,  
26 outcomes and total cost of care of an attributed commercial and/or Medicare population.

27 (3) "Accountable Entity" means, for the purposes of § 42-14.5-3.2, a provider organization  
28 contracted with one or more Rhode Island Medicaid insurers and held accountable for the quality  
29 of health care, outcomes and total cost of care of an attributed Medicaid population.

30 (2) (4) "Executive Office of Health and Human Services (EOHHS)" means the department  
31 that serves as "principal agency of the executive branch of state government" (§ 42-7.2-2)  
32 responsible for managing the departments and offices of: health (RIDOH), human services (DHS),  
33 healthy aging (OHA), veterans services (VETS), children, youth and families (DCYF), and  
34 behavioral healthcare, developmental disabilities and hospitals (BHDDH). EOHHS is also

1 designated as the single state agency with authority to administer the Medicaid program in Rhode  
2 Island.

3 (5) “Health care cost growth target” means the targeted annual per capita growth rate for  
4 Rhode Island’s total health care spending, expressed as the percentage growth from the prior year’s  
5 per capita spending.

6 (6) “Large provider entity” means a provider organization contracted with one or more  
7 payers that, at a minimum, includes professional providers to whom patients can be attributed, and  
8 that collectively, during any given calendar year, has at least 60,000 attributed member months  
9 across payers in the commercial, Medicaid or Medicare market, enabling the organization to  
10 participate in total cost of care contracts, even if it is not engaged in a total cost of care contract as  
11 an Accountable Care Organization or a Medicaid Accountable Entity.

12 (7) “Market” means the highest level of categorization of the health insurance market and  
13 shall include Medicare Fee-For-Service and Medicare Managed Care, collectively referred to as  
14 the “Medicare market;” Medicaid Fee-for-Service and Medicaid Managed Care, collectively  
15 referred to as the “Medicaid market;” and individual, self-insured, small and large group markets  
16 and student health insurance, collectively referred to as the “commercial market.”

17 (8) “Net cost of private health insurance” means the costs to Rhode Island residents  
18 associated with the administration of private health insurance, including Medicare Managed Care  
19 and Medicaid Managed Care. It is defined as the difference between health premiums earned and  
20 benefits incurred, and consists of insurers’ costs of paying bills, advertising, sales commission and  
21 other administrative costs, premium taxes, and profits (or contributions to reserves) or losses.

22 (9) “Payer” means any public payer, including Medicaid and Medicare; any health insurer  
23 offering Medicaid Managed Care or Medicare Managed Care plans in Rhode Island; any  
24 commercial health insurer, defined as an entity subject to the insurance laws and regulations of  
25 Rhode Island, or subject to the jurisdiction of the health insurance commissioner, that contracts or  
26 offers to contract to provide, deliver, arrange for, pay for, or reimburse any of the costs of health  
27 care services, including, without limitation, an insurance company offering accident and sickness  
28 insurance, a health maintenance organization, a non-profit hospital service corporation, a non-profit  
29 medical service corporation, and a non-profit hospital and medical service corporation; and any  
30 commercial health insurer that provides benefit administration for self-insured employers or labor  
31 trusts, or both.

32 (10) “Pharmaceutical manufacturer” means any entity holding legal title to or possession  
33 of a national drug code number issued by the Federal Food and Drug Administration.

34 (11) “Pharmacy Benefit Manager” has the same meaning as defined in § 27-19-26.2.

8                   ③(13) “Primary care services” means, for the purposes of reporting required under § 42-  
9     14.5-3(t), professional services rendered by primary care providers at a primary care site of care,  
10    including care management services performed in the context of team-based primary care.

11                   (14) "Provider" has the same meaning as defined in § 27-18-1.1, § 27-19-1, and § 27-20-

12       1.

13                   (4)(15) “Rate review” means the process of reviewing and reporting of specific trending  
14                   factors that influence the cost of service that informs rate setting.

15                   (5)(16) “Rate setting” means the process of establishing rates for social and human service  
16                   programs that are based on a thorough rate review process.

17                   ⑥⑦(17) "Social and human service program" means a social, mental health, developmental  
18                   disability, child welfare, juvenile justice, prevention services, habilitative, rehabilitative, substance  
19                   use disorder treatment, residential care, adult or adolescent day services, vocational, employment  
20                   and training, or aging service program or accommodations purchased by the state.

21                   (7)(18) “Social and human service provider” means a provider of social and human service  
22 programs pursuant to a contract with the state or any subdivision or agency to include, but not be  
23 limited to, the department of children, youth and families (DCYF), the department of behavioral  
24 healthcare, developmental disabilities and hospitals (BHDDH), the department of human services  
25 (DHS), the department of health (DOH), and Medicaid.

26                   ~~(8)(19)~~ “State government and the provider network” refers to the contractual relationship  
27                   between a state agency or subdivision of a state agency and private companies the state contracts  
28                   with to provide the network of mandated and discretionary social and human services.

29                   (20) "Total health care expenditures" means the total medical expense incurred by Rhode  
30                   Island residents for all health care services for all payers reporting to the office of the health  
31                   insurance commissioner, inclusive of prescription drugs, plus their net cost of private health  
32                   insurance.

33                   (21) "Total medical expense" means the sum of the allowed amount of total claims and  
34                   total non-claims spending paid to providers, inclusive of prescription drugs, incurred by Rhode

1 Island residents for all health care services.

2 SECTION 14. Title 42 of the General Laws entitled "STATE AFFAIRS AND  
3 GOVERNMENT" is hereby amended by adding thereto the following chapter:

4 **CHAPTER 157.2**

5 **RHODE ISLAND MARKETPLACE AFFORDABILITY PROGRAM ACT OF 2026**

6 **42-157.2-1. Short title and purpose.**

7 (a) This chapter shall be known and may be cited as the "Rhode Island Marketplace  
8 Affordability Program Act of 2026."

9 (b) The purpose of this chapter is to create a state affordability program to reduce health  
10 insurance premiums for low- and moderate-income consumers enrolled in health insurance  
11 coverage through the Rhode Island health benefit exchange.

12 **42-157.2-2. Definitions.**

13 As used in this chapter:

14 (1) "Exchange" means the Rhode Island health benefit exchange established within the  
15 department of administration by § 42-157-1.

16 (2) "Health insurance coverage" has the same meaning as set forth in § 27-18.5-2.

17 (3) "Individual market" has the same meaning as set forth in § 27-18.5-2.

18 (4) "Insurer" has the same meaning as set forth in § 42-157-2.

19 (5) "Program" means the Rhode Island individual market affordability program  
20 established by § 42-157.2-3.

21 (6) "State" means the State of Rhode Island.

22 **42-157.2-3. Establishment of the Rhode Island individual market affordability**  
23 **program.**

24 (a) The exchange is authorized to establish and administer a state-based affordability  
25 program, to be known as the Rhode Island individual market affordability program.

26 (b) The program is intended to mitigate the impact of high and rising healthcare costs for  
27 low- and middle-income Rhode Islanders who purchase health insurance coverage through the  
28 exchange.

29 (c) The program may provide state-based subsidies to individuals enrolled in health  
30 insurance coverage through the exchange to make health insurance coverage more accessible and  
31 affordable for individuals and households.

32 **42-157.2-4. General program parameters.**

33 (a) State-based subsidy amounts shall be based on annual affordability percentages,  
34 following the methodology established by the exchange under § 42-157.2-5.

1                   **(b) Any state-based subsidy provided by the program will be remitted by the exchange to**  
2                   **the insurer selected by the eligible enrollee.**

3                   **(c) A state-based subsidy provided by the program shall be provided only to a Rhode Island**  
4                   **resident who is determined eligible by the exchange for the federal premium tax credit authorized**  
5                   **under § 36B of the internal revenue code and enrolled in health insurance coverage through the**  
6                   **exchange.**

7                   **(1) A state-based subsidy may also be provided by the program to a Rhode Island resident**  
8                   **whose household income exceeds the limit set forth under § 36B of the internal revenue code but**  
9                   **meets all other eligibility criteria for the federal premium tax credit authorized under § 36B of the**  
10                   **internal revenue code, and is enrolled in health insurance coverage through the exchange.**

11                   **42-157.2-5. Adoption of methodology and annual affordability percentages.**

12                   **(a) Subject to appropriation, the exchange shall adopt by September 30th, and may amend,**  
13                   **annual affordability percentages for each upcoming coverage year to implement this chapter.**

14                   **(b) Methodology for determining annual affordability percentages shall be set forth in**  
15                   **regulations promulgated by the exchange, consistent with the purposes of this chapter. The**  
16                   **exchange shall utilize this methodology to develop the annual affordability percentages.**

17                   **(c) Annual affordability percentages, and any amendments thereto, shall be adopted by the**  
18                   **exchange after a duly noticed public meeting with advice from the exchange advisory board**  
19                   **established under § 42-157-7.**

20                   **(1) The affordability percentages adopted for a coverage year shall be based on funds**  
21                   **appropriated to the program for that coverage year and consistent with the parameters specified in**  
22                   **§ 42-157.2-4.**

23                   **(i) All unexpended or unencumbered balances of appropriations at the end of any fiscal**  
24                   **year shall be reappropriated to the following fiscal year and made immediately available for same**  
25                   **purposes as the former appropriations.**

26                   **(2) The exchange shall provide appropriate opportunities for stakeholders and the public**  
27                   **to consult in the adoption of the affordability percentages.**

28                   **(3) The affordability percentages shall be tailored to maximize impact, targeting premium**  
29                   **assistance to enrollees based on their income and premium burden after accounting for other federal**  
30                   **and state assistance.**

31                   **(i) For the year beginning January 1, 2027, the affordability percentages shall prioritize**  
32                   **households with incomes below 200% of the federal poverty level.**

33                   **42-157.2-6. Rules and regulations.**

34                   **(a) The exchange may promulgate regulations as necessary to carry out the purposes of this**

1 chapter.

2 (b) The requirements of the administrative procedures act (chapter 35 of title 42) shall  
3 apply for any rules or regulations established or issued by the exchange pursuant to this  
4 chapter, except for the first implementation year of the program established under this chapter.

5 (1) For the first implementation year, the exchange shall provide opportunities for  
6 stakeholders and the public to provide input. This shall include, but is not limited to:

7 (i) A duly noticed public meeting with advice from the exchange advisory board  
8 established under § 42-157-7;

9 (ii) A 30-day public comment period; and

10 (iii) Presentation by the exchange to the public of accompanying explanatory  
11 documentation outlining any proposed regulatory adoption, any significant changes thereto,  
12 and the rationale for those decisions.

13 **42-157.2-7. Construction.**

14 (a) This chapter shall not be construed to create an entitlement, medical assistance, or  
15 public assistance program of any kind, to appropriate any funds, to require the general assembly to  
16 appropriate any funds, or to increase or decrease taxes owed by a taxpayer.

17 (b) In construing this chapter, the regulations promulgated by the exchange pursuant to §  
18 42-157-14 shall apply to the extent those regulations do not conflict with this chapter or regulations  
19 promulgated by the exchange pursuant to § 42-157.2-6(a).

20 **42-157.2-8. Severability.**

21 The provisions of this chapter are severable, and if any provision hereof shall be held  
22 invalid in any circumstances, any invalidity shall not affect any other provisions or  
23 circumstances.

24 SECTION 15. Section 2 shall take effect on July 1, 2026. The remainder of this article shall  
25 take effect upon passage.