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S T A T E O F R H O D E I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- THERMAL ENERGY NETWORK AND JOBS ACT

Introduced By: Senators Britto, McKenney, and Bissaillon

Date Introduced: March 13, 2026

Referred To: Senate Environment & Agriculture

It is enacted by the General Assembly as follows:

SECTION 1. Title 39 of the General Laws entitled "PUBLIC UTILITIES AND CARRIERS" is hereby amended by adding thereto the following chapter:

CHAPTER 36

THERMAL ENERGY NETWORK AND JOBS ACT

39-36-1. Short title.

This chapter shall be known and may be cited as the "Thermal Energy Network and Jobs Act".

39-36-2. Purpose.

Thermal energy networks have the potential to contribute to the satisfaction of the greenhouse gas reduction and just-transition requirements of chapter 6.2 of title 42 ("2021 act on climate") while potentially offering reduced operating costs and decreased costs of future expansion. The purpose of the thermal energy network and jobs act is to facilitate the study of this technology in an effort to determine if these goals can be met by the implementation of thermal energy networks in Rhode Island.

39-36-3. Definitions.

When used in this chapter, the following words and phrases are construed as follows:

(1) "Environmental justice focus area" means a census tract that meets one or more of the following criteria:

(i) Annual median household income is not more than sixty-five percent (65%) of the statewide annual median household income;

(ii) Minority population is equal to or greater than forty percent (40%) of the population;

(iii) Twenty-five percent (25%) or more of the households lack English language proficiency; or

(iv) Minorities comprise twenty-five percent (25%) or more of the population, and the annual median household income of the municipality in the proposed area does not exceed one hundred fifty percent (150%) of the statewide annual median household income.

(2) "Public-private partnerships" means a long-term contract between the state and a private partner that develops, finances, constructs, operates, or maintains a state-owned physical asset or property in which the private party bears significant risk over the long term.

(3) "Public right-of-way" means the area on, below, or above any street, avenue, boulevard, road, highway, sidewalk, alley, waterway, land, or easement that is owned, leased, or controlled by a public or quasi-public entity.

(4) "Public utility" means the natural gas utility and or the electric distribution company as defined in § 39-1-2(a)(20) that serves over twenty-five thousand (25,000) ratepayers.

(5) "PUC" means the public utilities commission.

(6) "Thermal energy" means piped non-combustible fluids used for transferring heat into and out of buildings from heating and cooling processes, including comfort heating and cooling, domestic hot water, and refrigeration.

(7) "Thermal energy network" means all real estate, fixtures, and personal property operated, owned, used, or to be used for, or for the primary purpose of facilitating, a utility-scale or community-scale distribution-infrastructure project that supplies thermal energy.

39-36-4. Feasibility studies and recovery of approved implementation costs.

(a) Upon passage, the public utility shall, within twelve (12) months of the effective date of this section, identify no fewer than two (2) and no more than twelve (12) potential locations for thermal energy network feasibility studies representing diverse geographies and building types. Within eighteen (18) months of the effective date of this section, the public utility shall commence at least two (2) feasibility studies relating to the selected locations.

(b) At least one location considered shall be located within or directly benefit an environmental justice focus area, as defined in § 39-36-3 as determined by the department of environmental management.

(c) In evaluating the locations to determine which location(s) should be subject to a feasibility study, the public utility shall consider:

(1) Greenhouse gas emissions reductions;

(2) Cost-effectiveness, including projected energy-cost savings and operations and maintenance costs over the useful life of the equipment;

(3) Potential engineering and design requirements;

(4) Potential operations and maintenance requirements;

(5) Ownership of buildings or facilities receiving network benefits; and

(6) The degree to which the project benefits communities experiencing disproportionate environmental or public-health burdens.

(d) In developing the initial list of locations to study, the public utility shall consider diversity in geography, customer class, and average annual consumption of thermal energy. The list shall include for consideration the following areas:

(1) The Port of Providence and neighboring communities;

(2) Residential, hospital, and health-care facilities;

(3) Lower South Providence;

(4) Facilities within the jurisdiction of the Rhode Island Convention Center Authority;

(5) Facilities within the jurisdiction of the Quonset Development Corporation;

(6) University of Rhode Island campuses;

(7) Aquidneck Island;

(8) The Port of Galilee; and

(9) Pastore Center Campus.

(e) All costs reasonably incurred by utilities in connection with its compliance with this chapter shall be fully recoverable by said utility. Provided, however, that each utility shall endeavor to secure available non-ratepayer funding, including from federal or state grants, subsidized loans, or tax credits to reduce said costs. To the extent a utility receives such funding support, the cost recovered pursuant to this subsection shall be offset by the amount of such funding support.

(f) Without limiting the generality of subsection (e) of this section, the PUC shall authorize recovery of reasonable and prudently incurred costs associated with planning and feasibility studies for thermal energy network projects, provided that:

(1) Such recovery shall be conditioned upon the utility's demonstration that it has pursued available non-ratepayer funding, including federal or state grants, tax credits, or low-interest financing; and

(2) The PUC shall ensure that any rate recovery is just, reasonable, and limited so as not to impose an undue burden on ratepayers.

(g) The PUC may authorize the public utility to use or leverage existing demand side

management charge pursuant to § 39-2-1.2 for planning, design, and construction of thermal-energy networks.

(h) The utility may draw upon available state funding including, but not limited to, the office of energy resources ("OER") and Rhode Island infrastructure bank ("RIIB") programs and incentives, as well as federal technical-assistance programs to support such studies.

(i) The OER may use Lead by Example (LBE) program funds and other state assistance to support feasibility and engineering studies requested by utilities, municipalities, or public-private partnerships.

39-36-5. Thermal energy network pilot project.

(a) Upon the completion of any feasibility study conducted by a utility in accordance with § 39-36-4, the relevant utility shall determine if the studied project is in fact feasible and, if so, may prepare and submit a proposal to the PUC to develop a pilot project that is consistent with the subject and results of said feasibility study.

(b) The PUC shall approve cost recovery for all just and reasonably incurred costs associated with pilot projects that the PUC determines provide a net benefit to the relevant utility's ratepayers based on its consideration of the following factors:

(1) Greenhouse gas emissions reductions;

(2) Cost-effectiveness, including projected energy-cost savings and operations and maintenance costs over the useful life of the equipment;

(3) The degree to which the projected pilot program costs are funded by sources other than ratepayers, including by direct state support and/or by grants received by the utility in support of the project;

(4) Benefits to communities experiencing disproportionate environmental or public-health burdens; and

(5) A demonstration by the utility that non-ratepayer funding sources were explored to offset costs to ratepayers including, but not limited to, federal or state grants, financing sourced through public bonds, subsidized loans, or tax credits, pursuant to the provisions of this chapter.

(c) For the avoidance of doubt, a utility shall have no obligation to proceed with a pilot project unless said project has been:

(1) Approved by the PUC; and

(2) The PUC has approved full cost recovery for the project other than to the extent such costs are funded by direct state support or by grants received by the utility in support of the project.

(d) Notwithstanding any other provision of law, any public utility engaged in the business of natural gas distribution shall, subject to approval by the public utilities commission, be entitled

to own, construct, or operate thermal energy networks for the purpose of selling and distributing thermal energy and shall be entitled to charge and collect payment from its customers in connection therewith in accordance with and subject to the provisions of title 39. Nothing in this subsection shall be construed to limit the authority of the state, municipalities, cooperatives, or nonprofit entities to develop thermal energy networks in partnership with a public utility.

39-36-6. Thermal energy networks regulation.

(a) As part of any agreement with a public entity to construct a thermal energy network project that enters or crosses a public right-of-way, as defined in § 39-36-3, the public utility company shall:

(1) For the construction of projects of one thousand dollars ($1,000) or greater, the public utility, and each contractor or subcontractor who performs work on those projects shall:

(i) Pay each construction employee wages and benefits that are not less than the prevailing wage and fringe benefit rates in compliance with chapter 13 of title 37 ("labor and payment of debts by contractors") for the corresponding classification in which the employee is employed; and

(ii) Be subject to all reporting and compliance requirements of chapter 13 of title 37;

(2) For the construction of projects of one million dollars ($1,000,000) or greater, the public utility, and each contractor or subcontractor who performs work on those projects shall ensure that, no less than fifteen percent (15%) of the labor hours worked on the project shall be performed by registered apprentices for all crafts or trades with approved apprenticeship programs, as defined in § 39-26.9-2, that will be employed on the project;

(b) For purposes of this section, a Class A Apprenticeship program is an apprenticeship program currently registered with the U.S. Department of Labor or a state apprenticeship agency and has graduated apprentices to journeyperson status for at least three (3) of the past five (5) years. This may be a program subject to the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq. ("ERISA"), or a non-ERISA program.

(c) To demonstrate compliance with this section, the public utility, contractor, or subcontractor, as applicable, shall provide, with this certification, a list of all trades or classifications of craft employees it will employ on the project and documentation verifying it participates in a Class A Apprenticeship program for each trade or classification listed. If the public utility, contractor, or subcontractor is unable to meet the fifteen percent (15%) requirement due to the unavailability of apprentices meeting the requirements of this section, said party may comply with this section by submitting the certification along with evidence of the efforts taken to comply herewith including, but not limited to, the bidding and responsive documents for the relevant scopes of work and evidence that:

(1) A trade or field does not have an apprenticeship program or cannot produce members from its program capable of performing the scope of work within the contract; or

(2) The size and scope of the work will not allow for the contractor to comply with the apprenticeship ratio requirements for the craft affected; or

(3) For any other non-economic justifiable reason that demonstrates good cause.

(d) Contractors and subcontractors that violate subsection (a) of this section shall be subject to penalties and sanctions in accordance with chapter 13 of title 37.

(e) Public utilities shall ensure that all contracts require contractors and subcontractors to comply with the provisions of this section in connection with their own employees; provided that, in connection with said contracts, the administrative reporting obligations herein shall be solely the responsibility of said contractors and subcontractors. This subsection shall not limit the public utility's obligations in connection with its own employees.

(f) Any thermal energy network constructed under this section shall demonstrate that the public utility company has entered into a labor peace agreement, as defined in § 39-26.9-2, with a bona fide labor organization, as defined in § 39-26.9-2, of jurisdiction that is actively engaged in representing gas and electric company employees for the operations and maintenance of such thermal energy networks. Nothing in this subsection shall be construed to supersede or invalidate an existing collective bargaining agreement. Where employees performing operations and maintenance work are already covered by a collective bargaining agreement, such agreement shall satisfy the requirements of this subsection.

(g) Notwithstanding the other provisions to the contrary, the provisions of this section shall not apply to:

(1) Work performed by employees or contractors of a relevant public utility and/or subcontractors thereof, who already are subject to the terms of an existing collective bargaining agreement, in which case the terms of the existing collective bargaining agreement shall control; or

(2) Work performed by employees or contractors of a relevant public utility and/or subcontractor thereof who are ineligible to bargain collectively under the National Labor Relations Act.

39-36-7. Thermal energy network taskforce.

(a) The PUC shall form a thermal energy network taskforce, which shall be an advisory committee to evaluate the results of the feasibility studies conducted in accordance with § 39-36-4 and any pilot project undertaken in accordance with § 39-36-5. The taskforce shall meet not less than quarterly at the PUC and shall be comprised of eleven (11) members appointed by the PUC,

which shall include: the commissioner of the office of energy resources, or designee; the administrator of the division of public utilities and carriers, or designee; the president of the Rhode Island AFL-CIO, or designee; the president of the Rhode Island building & construction trades council, or designee; four (4) members from a public utility that is subject to the provisions of this chapter, appointed by the chairperson of the PUC; one representative of utility workers and one representative of steelworkers, each appointed by the president of the Rhode Island AFL-CIO; and one member of the public appointed by the chairperson of the PUC who shall be selected to ensure balanced representation of the following interests and areas of expertise:

(1) Community, environmental and climate justice organizations or advocates; and

(2) State or municipal policy and planning, including in connection with energy, environment, and infrastructure.

(b) The taskforce shall provide periodic written updates on the status and insights from the feasibility studies and any pilot projects.

(c) The purpose of said taskforce shall be to advise the PUC and public utility on the deployment of thermal energy and thermal energy networks throughout the state. As such, the taskforce shall:

(1) Identify and align funding mechanisms (federal, state, rate-based, and private);

(2) Recommend coordination among utilities, municipalities, and private developers:

(3) Advise on workforce transition and labor standards;

(4) Recommend locations and models for pilots and permanent projects; and

(5) Create a framework to guide the state in planning for the expansion and accelerated deployment of thermal energy and thermal energy network systems, including recommendations for statewide infrastructure planning, integration with existing utility assets, and prioritization of environmental justice focus areas.

(d) The taskforce shall submit a written report to the PUC, DEM, OER, and the general assembly no later than eighteen (18) months following its receipt of the complete results from the feasibility studies, which report shall include, but not be limited to, findings and actionable recommendations for consideration in state planning and regulatory processes, including pertaining to the following:

(1) Creation of fair market access rules for utility-owned thermal energy networks to accept thermal energy that aligns with the climate justice, just transition, and greenhouse gas emissions reductions requirements of chapter 6.2 of title 42 ("2021 act on climate") and that does not increase greenhouse gas emissions or co-pollutants;

(2) Criteria for cost-effectiveness;

(3) Potential rate structures for thermal energy networks;

(4) Promotion of the training and transition of workers in the fossil fuel industry impacted by this chapter; and

(5) The establishment of equitable rules for cost recovery by utilities for thermal energy networks.

(e) The taskforce shall expire six (6) months following the delivery of the report identified in subsection (d) of this section, unless extended by the general assembly.

39-36-8. Thermal energy networks regulation.

(a) The general assembly finds and declares that thermal energy networks have the potential to be important to the state meeting the just transition, equity, and decarbonization requirements of chapter 6.2 of title 42 ("2021 act on climate") and further finds and declares that:

(1) To the extent feasible, the public utility shall pursue cost effective investments in thermal energy networks when it is in the public interest; and

(2) The public utilities commission shall exercise its authority to implement the provisions of this chapter and, to the extent feasible, support the implementation of thermal energy networks, pursuant to chapter 6.2 of title 42 ("2021 act on climate").

(b) In promulgating rules and regulations for thermal energy networks, the PUC shall consider the advisory opinion and report findings of the taskforce.

39-36-9. Severability.

If any provision of this chapter or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the chapter, which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are declared to be severable.

SECTION 2. This act shall take effect upon passage.

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- THERMAL ENERGY NETWORK AND JOBS ACT

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This act would establish the thermal energy network and jobs act to facilitate the study of this technology to determine if these goals can be met by the implementation of thermal energy networks in Rhode Island. The act would create a twelve (12) member task force of interested parties which would be an advisory committee to evaluate the results of the feasibility studies.

This act would take effect upon passage.

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