AN ACT
RELATING TO PUBLIC UTILITIES AND CARRIERS -- DUTIES OF UTILITIES AND CARRIERS -- UTILITY BASE RATE

Introduced By: Senators Conley, Lynch Prata, Nesselbush, P Fogarty, and Pagliarini

Date Introduced: February 11, 2016

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

SECTION 1. Section 39-2-1.2 of the General Laws in Chapter 39-2 entitled "Duties of Utilities and Carriers" is hereby amended to read as follows:


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

(b) Effective as of January 1, 2008, and for a period of fifteen (15) years thereafter, each electric distribution company shall include a charge per kilowatt-hour delivered to fund demand side management programs. The 0.3 mills per kilowatt-hour delivered to fund renewable energy programs shall remain in effect until December 31, 2027.
shall establish and, after July 1, 2007, maintain two (2) separate accounts, one for demand side
management programs (the "demand side account"), which shall be funded by the electric
demand side charge and administered and implemented by the distribution company, subject to
the regulatory reviewing authority of the commission, and one for renewable energy programs,
which shall be administered by the Rhode Island commerce corporation pursuant to § 42-64-13.2
and, shall be held and disbursed by the distribution company as directed by the Rhode Island
commerce corporation for the purposes of developing, promoting and supporting renewable
energy programs.

During the time periods established in § 39-2-1.2(b), the commission may, in its
discretion, after notice and public hearing, increase the sums for demand side management and
renewable resources. In addition, the commission shall, after notice and public hearing, determine
the appropriate charge for these programs. The office of energy resources and/or the administrator
of the renewable energy programs may seek to secure for the state an equitable and reasonable
portion of renewable energy credits or certificates created by private projects funded through
those programs. As used in this section, "renewable energy resources" shall mean: (1) power
generation technologies as defined in § 39-26-5, "eligible renewable energy resources", including
off-grid and on-grid generating technologies located in Rhode Island as a priority; (2) research
and development activities in Rhode Island pertaining to eligible renewable energy resources and
to other renewable energy technologies for electrical generation; or (3) projects and activities
directly related to implementing eligible renewable energy resources projects in Rhode Island.
Technologies for converting solar energy for space heating or generating domestic hot water may
also be funded through the renewable energy programs. Fuel cells may be considered an energy
efficiency technology to be included in demand side management programs. Special rates for
low-income customers in effect as of August 7, 1996 shall be continued, and the costs of all of
these discounts shall be included in the distribution rates charged to all other customers. Nothing
in this section shall be construed as prohibiting an electric distribution company from offering
any special rates or programs for low-income customers which are not in effect as of August 7,
1996, subject to the approval by the commission.

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

(i) the feasibility of project completion;

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

(iii) the potential of the project to mitigate energy costs over the life of the project; and
(iv) the estimated cost per kilo-watt hour (kwh) of the energy produced from the project.

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

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

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

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

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

(i) gas used for distribution generation; and

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

(h) The commission may provide for the coordinated and/or integrated administration of electric and gas demand side management programs in order to enhance the effectiveness of the programs. Such coordinated and/or integrated administration may after March 1, 2009, upon the recommendation of the office of energy resources, be through one or more third-party entities designated by the commission pursuant to a competitive selection process.
(i) Effective January 1, 2007, the commission shall allocate from demand-side management gas and electric funds authorized pursuant to this § 39-2-1.2, an amount not to exceed two percent (2%) of such funds on an annual basis for the retention of expert consultants, and reasonable administrations costs of the energy efficiency and resources management council associated with planning, management, and evaluation of energy efficiency programs, renewable energy programs, system reliability least-cost procurement, and with regulatory proceedings, contested cases, and other actions pertaining to the purposes, powers and duties of the council, which allocation may by mutual agreement, be used in coordination with the office of energy resources to support such activities.

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

(k) On April 15, of each year the office and the council shall submit to the governor, the president of the senate, and the speaker of the house of representatives, separate financial and performance reports regarding the demand-side management programs, including the specific level of funds that were contributed by the residential, municipal, and commercial and industrial sectors to the overall programs; the businesses, vendors, and institutions that received funding from demand-side management gas and electric funds used for the purposes in § 39-2-1.2; and the businesses, vendors, and institutions that received the administrative funds for the purposes in sections 39-2-1.2(i) and 39-2-1.2(j). These reports shall be posted electronically on the websites of the office of energy resources and the energy efficiency resource management council.

(l) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank, each electric distribution company, except for the Pascoag Utility District and Block Island Power Company, shall remit two percent (2%) of the amount of the 2014 electric demand side charge collections to the Rhode Island infrastructure bank in accordance with the terms of § 46-12.2-14.1.

(m) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank, each gas distribution company shall remit two percent (2%) of the amount of the 2014 gas demand side charge collections to the Rhode Island infrastructure bank in accordance with the
SECTION 2. This act shall take effect upon passage.
EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- DUTIES OF UTILITIES AND CARRIERS -- UTILITY BASE RATE

***

1 This act would extend the Renewable Energy Development Fund (REF) program for ten years, from 2017 to 2027.

2 This act would take effect upon passage.

==============
LC004452/SUB A
==============