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LC004452/SUB A
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

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:

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

3 **39-2-1.2. Utility base rate -- Advertising, demand side management and renewables.**

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

15 (b) Effective as of January 1, 2008, and for a period of fifteen (15) years thereafter, each
16 electric distribution company shall include a charge per kilowatt-hour delivered to fund demand
17 side management programs. The 0.3 mills per kilowatt-hour delivered to fund renewable energy
18 programs shall remain in effect until December 31, ~~2017~~ 2027. The electric distribution company

1 shall establish and, after July 1, 2007, maintain two (2) separate accounts, one for demand side
2 management programs (the "demand side account"), which shall be funded by the electric
3 demand side charge and administered and implemented by the distribution company, subject to
4 the regulatory reviewing authority of the commission, and one for renewable energy programs,
5 which shall be administered by the Rhode Island commerce corporation pursuant to § 42-64-13.2
6 and, shall be held and disbursed by the distribution company as directed by the Rhode Island
7 commerce corporation for the purposes of developing, promoting and supporting renewable
8 energy programs.

9 During the time periods established in § 39-2-1.2(b), the commission may, in its
10 discretion, after notice and public hearing, increase the sums for demand side management and
11 renewable resources. In addition, the commission shall, after notice and public hearing, determine
12 the appropriate charge for these programs. The office of energy resources and/or the administrator
13 of the renewable energy programs may seek to secure for the state an equitable and reasonable
14 portion of renewable energy credits or certificates created by private projects funded through
15 those programs. As used in this section, "renewable energy resources" shall mean: (1) power
16 generation technologies as defined in § 39-26-5, "eligible renewable energy resources", including
17 off-grid and on-grid generating technologies located in Rhode Island as a priority; (2) research
18 and development activities in Rhode Island pertaining to eligible renewable energy resources and
19 to other renewable energy technologies for electrical generation; or (3) projects and activities
20 directly related to implementing eligible renewable energy resources projects in Rhode Island.
21 Technologies for converting solar energy for space heating or generating domestic hot water may
22 also be funded through the renewable energy programs. Fuel cells may be considered an energy
23 efficiency technology to be included in demand sided management programs. Special rates for
24 low-income customers in effect as of August 7, 1996 shall be continued, and the costs of all of
25 these discounts shall be included in the distribution rates charged to all other customers. Nothing
26 in this section shall be construed as prohibiting an electric distribution company from offering
27 any special rates or programs for low-income customers which are not in effect as of August 7,
28 1996, subject to the approval by the commission.

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

- 32 (i) the feasibility of project completion;
- 33 (ii) the anticipated amount of renewable energy the project will produce;
- 34 (iii) the potential of the project to mitigate energy costs over the life of the project; and

1 (iv) the estimated cost per kilo-watt hour (kwh) of the energy produced from the project.

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

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

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

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

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

24 (i) gas used for distribution generation; and

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

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

1 (i) Effective January 1, 2007, the commission shall allocate from demand-side
2 management gas and electric funds authorized pursuant to this § 39-2-1.2, an amount not to
3 exceed two percent (2%) of such funds on an annual basis for the retention of expert consultants,
4 and reasonable administrations costs of the energy efficiency and resources management council
5 associated with planning, management, and evaluation of energy efficiency programs, renewable
6 energy programs, system reliability least-cost procurement, and with regulatory proceedings,
7 contested cases, and other actions pertaining to the purposes, powers and duties of the council,
8 which allocation may by mutual agreement, be used in coordination with the office of energy
9 resources to support such activities.

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

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

27 (l) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank,
28 each electric distribution company, except for the Pascoag Utility District and Block Island Power
29 Company, shall remit two percent (2%) of the amount of the 2014 electric demand side charge
30 collections to the Rhode Island infrastructure bank in accordance with the terms of § 46-12.2-
31 14.1.

32 (m) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank,
33 each gas distribution company shall remit two percent (2%) of the amount of the 2014 gas
34 demand side charge collections to the Rhode Island infrastructure bank in accordance with the

1 terms of § 46-12.2-14.1.

2 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 -- DUTIES OF UTILITIES AND
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- 1 This act would extend the Renewable Energy Development Fund (REF) program for ten
- 2 years, from 2017 to 2027.
- 3 This act would take effect upon passage.

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