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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

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A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS – PUBLIC UTILITIES COMMISSION

Introduced By: Representative Brandon C. Potter

Date Introduced: March 23, 2022

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 39-1-27.7 and 39-1-27.8 of the General Laws in Chapter 39-1  
2 entitled "Public Utilities Commission" are hereby amended to read as follows:

3 **39-1-27.7. System reliability and least-cost procurement.**

4 (a) Least-cost procurement shall comprise system reliability and energy efficiency and  
5 conservation procurement, as provided for in this section, and supply procurement, as provided for  
6 in § 39-1-27.8, as complementary but distinct activities that have as common purpose meeting  
7 ~~electrical and natural gas~~ energy needs in Rhode Island, including demand for electricity, natural  
8 gas, and delivered fuels, in a manner that is optimally cost-effective, reliable, prudent, and  
9 environmentally responsible, and that aligns with the state's greenhouse gas emissions reductions  
10 requirements of § 42-6.2-2.

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

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

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

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

1 (iii) Demand response, including, but not limited to, distributed generation, back-up  
2 generation, and on-demand usage reduction, that shall be designed to facilitate electric customer  
3 participation in regional demand response programs, including those administered by the  
4 independent service operator of New England ("ISO-NE"), and/or are designed to provide local  
5 system reliability benefits through load control or using on-site generating capability;

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

11 (2) Least-cost procurement, which shall include procurement of energy efficiency, ~~and~~  
12 energy conservation, and strategic electrification measures that are prudent and reliable and when  
13 such measures are lower cost than acquisition of additional supply, including supply for periods of  
14 high demand and supply of any combustible fuel used for thermal energy in buildings. Costs, for  
15 purposes of this section, shall include a reasonable assessment of the costs to society of greenhouse  
16 gas emissions.

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

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

17           (6)(i) Each electrical and natural gas distribution company shall provide a status report,  
18 which shall be public, on the implementation of least-cost procurement on or before December 15,  
19 2008, and on or before February 1, 2009, to the commission, the division, the commissioner of the  
20 office of energy resources, and the energy efficiency and resources management council which  
21 may provide the distribution company recommendations with regard to effective implementation  
22 of least-cost procurement. The report shall include the targets for each energy resource included in  
23 the order approving the plan and the achieved percentage for energy resource, including the  
24 achieved percentages for efficiency, distributed generation, demand response, combined heat and  
25 power, and renewables, as well as the current funding allocations for each eligible energy resource  
26 and the businesses and vendors in Rhode Island participating in the programs. The report shall be  
27 posted electronically on the website of the office of energy resources.

28           (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 in the electric distribution company's energy-efficiency program plans. In order to  
32 effectuate this provision, the energy efficiency and resource management council shall seek input  
33 from the public, the gas and electric distribution company, the commerce corporation, and  
34 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 (iii) The energy-efficiency annual plan shall include, but not be limited to, a plan for  
4 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) The energy efficiency and resource management council shall conduct at least one  
13 public review meeting annually, to discuss and review the combined heat and power program, with  
14 at least seven (7) business days' notice, prior to the electric and gas distribution utility submitting  
15 the plan to the commission. The commission shall evaluate the submitted combined heat and power  
16 program as part of the annual energy-efficiency plan. The commission shall issue an order  
17 approving the energy-efficiency plan and programs within sixty (60) days of the filing.

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

23 (f) The commission shall conduct a contested case proceeding to establish a performance-  
24 based incentive plan that allows for additional compensation for each electric distribution company  
25 and each company providing gas to end-users and/or retail customers based on the level of its  
26 success in mitigating the cost and variability of electric and gas services through procurement  
27 portfolios.

28 (g) The commission shall conduct a contested case proceeding to establish a performance-  
29 based incentive plan that allows for additional compensation for coordinated efforts between each  
30 electric distribution company and each company providing gas to end-users and/or retail customers  
31 based on the level of its success in reducing greenhouse gas emissions through weatherization,  
32 demand response programs, strategic electrification of gas and delivered fuels customers, and other  
33 strategies as appropriate. Additional incentives may be appropriate, in the commission's discretion,  
34 for efforts described in this section that leverage sources of funding besides ratepayer-supported

1 [charges.](#)

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

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

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

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

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

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

25 (i) Large commercial and industrial energy users;

26 (ii) Small business energy users;

27 (iii) Residential energy users;

28 (iv) Municipal and state energy users;

29 (v) Low-income energy users;

30 (vi) Electric and gas distribution company; and

31 (vii) Energy efficiency and resource management council.

32 (3) The office of energy resources, in consultation with the electric and gas distribution  
33 company and representatives referenced in subsection ~~(g)~~[\(h\)](#)(2), shall be authorized to hire an  
34 energy consulting company or firm to carry out the energy efficiency verification study. The costs

1 associated with this study, including, but not limited to, those associated with the consultant or firm  
2 contract and reasonable administrative costs incurred by the office in the execution of subsection  
3 ~~(e)~~(h) of this section, shall be recoverable through the system benefit charge subject to commission  
4 approval. Funding shall be transferred from the electric and gas distribution utility to the office of  
5 energy resources upon request by the office.

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

10 **39-1-27.8. Supply procurement portfolio.**

11 Each electric distribution company shall submit a proposed supply procurement plan or  
12 plans to the commission not later than March 1, 2009, and each March 1 thereafter through March  
13 1, 2018. The supply procurement plan or plans shall be consistent with the purposes of least-cost  
14 procurement and shall, as appropriate, take into account plans and orders with regard to system  
15 reliability and energy efficiency and conservation procurement. The supply procurement plan or  
16 plans will include the acquisition procedure, the pricing options being sought, and a proposed term  
17 of service for which standard-offer service will be acquired. The term of service may be of various,  
18 staggered term lengths and acquisitions may occur from time to time and for more than one supplier  
19 for segments of standard-offer load over different terms, if appropriate. There also may be separate  
20 procurement plans for residential and nonresidential classes or separate plans among nonresidential  
21 classes. All the components of the procurement plans shall be subject to commission review and  
22 approval. Once a procurement plan is approved by the commission, the electric distribution  
23 company shall be authorized to acquire standard-offer service supply consistent with the approved  
24 procurement plan and recover its costs incurred from providing standard-offer service pursuant to  
25 the approved procurement plan. The commission may periodically review the procurement plan to  
26 determine whether it should be prospectively modified due to changed market conditions, to reduce  
27 carbon emissions, and/or public health risks and impacts. The commission shall have the authority  
28 and discretion to establish eligibility criteria by rate class, and approve special tariff conditions and  
29 rates proposed by the electric distribution company that the commission finds are in the public  
30 interest, including, without limitation: (1) Short- and long-term optional service at different rates;  
31 (2) Term commitments or notice provisions before individual customers leave standard-offer  
32 service; (3) Standard-offer service rates for residential or any other special class of customers that  
33 are different than the rates for other standard-offer customers; (4) Time of use commodity pricing  
34 for specified classes of customers, ~~except residential customers; provided, however, that the~~

1 ~~commission may establish pilot programs for time of use commodity pricing for residential~~  
2 ~~customers~~; and/or (5) Standard-offer service rates that are designed to encourage any class of  
3 customers to purchase supply directly from the market.

4 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 – PUBLIC UTILITIES COMMISSION

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1           This act would require the public utilities commission (PUC) to establish a performance-  
2 based incentive plan that allows coordinated efforts between each electric distribution company  
3 and gas company based on the level of its success in reducing greenhouse gas emissions.

4           This act would take effect upon passage.

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