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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

PUBLIC UTILITIES AND CARRIERS - - PUBLIC UTILITIES COMMISSION

Introduced By: Representatives Handy, Marcello, Fellela, O`Neill, and Ruggiero

Date Introduced: February 28, 2012

Referred To: House Environment and Natural Resources

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 39-1 of the General Laws entitled "Public Utilities Commission" is  
2 hereby amended by adding thereto the following section:

3 **39-1-27.13. On-bill repayment program for energy efficiency. -- (a) Definitions. - As**  
4 **used in this section:**

5 (1) "Gas utility" means a natural gas distribution company included as a public utility in  
6 subdivision 39-1-2(20) having greater than one hundred thousand (100,000) customers.

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

8 (b) Findings. - The general assembly finds that Rhode Island homes and businesses have  
9 the potential to save energy through conservation and cost-effective energy efficiency measures.  
10 Programs created pursuant to this section will allow utility customers to purchase cost-effective  
11 energy efficiency measures with no required initial upfront payment, and to pay the cost of those  
12 products and services over time on their utility bill.

13 (c) On-bill energy efficiency loan program - (1) Notwithstanding any other provision of  
14 this section, a gas utility on June 1, 2013 shall offer a commission-approved on-bill financing  
15 program that allows its retail customers who own a residential single family home, duplex, or  
16 other residential building with four (4) or less units, or condominium at which the gas service is  
17 being provided.

18 (i) To borrow funds of up to twenty-five thousand dollars (\$25,000) per residential  
19 housing unit from a third-party lender in order to purchase gas energy efficiency measures

1 approved under the program for installation in such home or condominium without any required  
2 upfront payment; and

3 (ii) To pay back such funds over time through the gas utility's bill.

4 (2) Program development. - Within ninety (90) days after the effective date of this  
5 section, the office of energy resources in coordination with the energy efficiency and resource  
6 management council shall hold public hearings during which interested participants may discuss  
7 issues related to the program, including program design, eligible gas energy efficiency measures,  
8 vendor qualifications, and a methodology for ensuring ongoing compliance with such  
9 qualifications, financing, sample documents such as request for proposals contracts and  
10 agreements, dispute resolution, pre-installment and post-installment verification, and evaluation.  
11 The workshop process shall be completed within ninety (90) days of the effective date of this  
12 section.

13 (3) Not later than ninety (90) days following completion of the public hearings, each gas  
14 utility shall submit a proposed program to the commission that contains:

15 (i) A list of recommended gas energy efficiency measures that will be eligible for on-bill  
16 financing. An eligible gas energy efficiency measure ("measure") shall be defined by the  
17 following:

18 (A) The measure would be applied to or replace gas energy-using equipment; and

19 (B) Application of the measure to equipment and systems will have estimated gas savings  
20 (determined by rates in effect at the time of purchase), that are sufficient to cover the customer's  
21 costs of implementing the measures, including finance charges and any program fees not  
22 recovered pursuant to this section over a fifteen (15) year period or the life of the equipment and  
23 systems, whichever is shorter.

24 (ii) Guidelines for financing of measures installed under a program, including, but not  
25 limited to, request for proposals (RFP) criteria and limits on both individual loan amounts and the  
26 duration of the loans;

27 (iii) Criteria and standards for identifying and approving measures;

28 (iv) Qualifications of vendors that will market or install measures, as well as a  
29 methodology for ensuring ongoing compliance with such qualifications;

30 (v) Sample contracts and agreements necessary to implement the measures and program;

31 (vi) The types of data and information that utilities and vendors participating in the  
32 program shall collect for purposes of preparing the reports required under subsection (13) of this  
33 section; and

34 (vii) The proposed program submitted by each gas utility shall be consistent with the

1 provisions of this section that define operational, financial, and billing arrangements between and  
2 among program participants, vendors, lenders, and the gas utility.

3 (4) After receiving a request from the gas utility for approval of a proposed program and  
4 tariffs pursuant to this section, the commission shall render its decision within one hundred  
5 twenty (120) days. If no decision is rendered within one hundred twenty (120) days, then the  
6 request shall be deemed to be approved.

7 (5) Upon approval of the program by the commission a gas utility shall issue a request for  
8 proposals ("RFP") to lenders for purposes of providing financing to participants to pay for  
9 approved measures. The RFP criteria shall include, but not be limited to, the interest rate,  
10 origination fees, and credit terms. The utility shall select the winning bidders based on its  
11 evaluation of these criteria, with a preference for those bids containing the rates, fees, and terms  
12 most favorable to participants.

13 (6) The gas utility shall work with the lenders selected pursuant to the RFP process, and  
14 with vendors, to establish the terms and processes pursuant to which a participant can purchase  
15 eligible gas energy efficiency measures using the financing obtained from the lender. The vendor  
16 shall explain and offer the approved financing packaging to those customers identified in this  
17 section and shall assist customers in applying for financing. As part of such process, vendors shall  
18 also provide to participants information about any other incentives that may be available for the  
19 measures.

20 (7) The lender may conduct credit checks or undertake other appropriate measures to  
21 limit credit risk, and shall review and have the right to approve or deny financing applications  
22 submitted by customers identified in this section. Following the lender's approval of financing  
23 and the participant's purchase of the measure or measures, the lender shall forward payment  
24 information to the gas utility, and the utility shall add as a separate line item on the participant's  
25 utility bill a charge showing the amount due under the program each month.

26 (8) A loan issued to a participant pursuant to the program shall be the sole responsibility  
27 of the participant, and any dispute that may arise concerning the loan's terms, conditions, or  
28 charges shall be resolved between the participant and lender. Upon transfer of the property title  
29 for the premises at which the participant receives gas service from the utility or the participant's  
30 request to terminate service at such premises, the participant shall pay in full its gas utility bill,  
31 including all amounts due under the program. Amounts due under the program shall be deemed  
32 amounts owed for residential gas service.

33 (9) The gas utility shall remit payment in full to the lender each month on behalf of the  
34 participant. In the event a participant defaults on payment of its gas utility bill, the gas utility shall

1 continue to remit all payments due under the program to the lender. In addition, the gas utility  
2 shall retain a security interest in the measure or measures purchased under the program, and the  
3 utility retains its right to disconnect a participant that defaults on the payment of its utility bill.

4 (10) Each year the PUC shall determine a reasonable fee to be paid to the electric  
5 distribution company for the cost of administering the program, such fee to be comparable to  
6 commercial rates for administering a bookkeeping program, and in any case not to exceed one  
7 hundred ten percent (110%) of the electric distribution company's actual expenses, as  
8 demonstrated to the PUC in evidentiary hearings.

9 (11) The total outstanding amount financed under the program shall not exceed two  
10 million five hundred thousand dollars (\$2,500,000) for a gas utility or gas utilities under a single  
11 holding company, provided that the gas utility or gas utilities may petition the commission for an  
12 increase in such amount.

13 (12) A gas utility shall recover all of the prudently incurred costs of offering a program  
14 approved by the commission pursuant to this section, including, but not limited to, all start-up and  
15 administrative costs and the costs for program evaluation.

16 (13) An independent evaluation of a program shall be conducted after three (3) years of  
17 the program's operation. The gas utility shall retain an independent evaluator who shall evaluate  
18 the effects of the measures installed under the program and the overall operation of the program,  
19 including, but not limited to, customer eligibility criteria and whether the payment obligation for  
20 permanent gas energy efficiency measures that will continue to provide benefits of energy  
21 savings should attach to the meter location. As part of the evaluation process, the evaluator shall  
22 also solicit feedback from participants and interested stakeholders. The evaluator shall issue a  
23 report to the commission on its findings no later than four (4) years after the date on which the  
24 program commenced, and the commission shall issue a report to the governor and general  
25 assembly including a summary of the information described in this section as well as its  
26 recommendations as to whether the program should be discontinued, continued with modification  
27 or modifications or continued without modification, provided that any recommended  
28 modifications shall only apply prospectively and to measures not yet installed or financed.

29 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T  
PUBLIC UTILITIES AND CARRIERS - - PUBLIC UTILITIES COMMISSION

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- 1           This act would create a program to allow utility customers to buy cost-effective energy
- 2 efficiency measures whereby payments can be made over time on the customer's utility bill.
- 3           This act would take effective upon passage.

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