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ARTICLE 8

RELATING TO GOVERNMENT REORGANIZATION

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

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

(a) In addition to costs prohibited in section 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 ten (10) years thereafter, each electric distribution company shall include charges per kilowatt-hour delivered to fund demand side management programs and 0.3 mills per kilowatt-hour delivered to fund renewable energy programs. The electric distribution company shall establish and after July 1, 2007, maintain two (2) separate accounts, one for demand side management programs, which shall be 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 ~~economic development corporation pursuant to section 42-64-13.2~~ [office of energy resources](#) and, shall be held and disbursed by the distribution company as directed by the ~~economic development corporation~~ [office of energy resources](#) for the purposes of developing, promoting and supporting renewable energy programs.

During the ten (10) year period the commission may, in its discretion, after notice and public hearing, increase the sums for demand side management and renewable resources; thereafter, the commission shall, after notice and public hearing, determine the appropriate charge

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

18 (1) The renewable energy investment programs shall be administered pursuant to rules
19 established by ~~the economic development corporation~~ office of energy resources. Said rules shall
20 provide transparent criteria to rank qualified renewable energy projects, giving consideration to:

- 21 (i) the feasibility of project completion;
- 22 (ii) the anticipated amount of renewable energy the project will produce;
- 23 (iii) the potential of the project to mitigate energy costs over the life of the project; and
- 24 (iv) the estimated cost per kilo-watt hour (kwh) of the energy produced from the project.
- 25 (c) [Deleted by P.L. 2012, ch. 241, section 14].

26 (d) ~~The executive director of the economic development corporation is authorized and~~
27 ~~may enter into a contract with a contractor for the cost effective administration of the renewable~~
28 ~~energy programs funded by this section. A competitive bid and contract award for administration~~
29 ~~of the renewable energy programs may occur every three (3) years and shall include as a~~
30 ~~condition that after July 1, 2008 the account for the renewable energy programs shall be~~
31 ~~maintained and administered by the economic development corporation as provided for in~~
32 ~~subdivision (b) above. The office of energy resources shall, in coordination with the economic~~
33 ~~development corporation, create on or before December 31, 2013 a renewable energy investment~~
34 ~~program in accordance with sections 39-26-7 and 42-140-10. The office of energy resources and~~

1 [economic development corporation shall coordinate to ensure continuity of services during the](#)
2 [transfer of the renewable energy development fund to the office of energy resources.](#)

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

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

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

17 (i) gas used for distribution generation; and

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

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

28 (i) Effective January 1, 2007, the commission shall allocate from demand-side
29 management gas and electric funds authorized pursuant to this section 39-2-1.2, an amount not to
30 exceed two percent (2%) of such funds on an annual basis for the retention of expert consultants,
31 and reasonable administration costs of the energy efficiency and resources management council
32 associated with planning, management, and evaluation of energy efficiency programs, renewable
33 energy programs, system reliability, least-cost procurement, and with regulatory proceedings,
34 contested cases, and other actions pertaining to the purposes, powers and duties of the council,

1 which allocation may by mutual agreement, be used in coordination with the office of energy
2 resources to support such activities.

3 (j) Effective January 1, 2013, the commission shall annually allocate from the
4 administrative funding amount allocated in (i) from the demand-side management program as
5 described in subsection (i) as follows: sixty percent (60%) for the purposes identified in
6 subsection (i) and forty percent (40%) annually to the office of energy resources for activities
7 associated with planning management, and evaluation of energy efficiency programs, renewable
8 energy programs, system reliability, least-cost procurement, and with regulatory proceedings,
9 contested cases, and other actions pertaining to the purposes, powers and duties of the office of
10 energy resources.

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

21 SECTION 2. Sections 42-140-7 and 42-140-9 of the General Laws in Chapter 42-140
22 entitled "Rhode Island Energy Resources Act" are hereby amended to read as follows:

23 **42-140-7. Conduct of activities.** -- (a) To the extent reasonable and practical, the
24 conduct of activities under the provisions of this chapter shall be open and inclusive; the
25 commissioner and the council shall seek in addressing the purposes of the office to involve the
26 research and analytic capacities of institutions of higher education within the state, industry,
27 advocacy groups, and regional entities, and shall seek input from stakeholders including, but not
28 limited to, residential and commercial energy users.

29 (b) The commissioner shall ~~transmit any unencumbered funds from the renewable energy~~
30 ~~program under chapter 39-2 to the economic development corporation to be administered in~~
31 ~~accordance with a the provisions of section 39-2-1.2.~~ adopt, in the manner set forth in section 42-
32 140-9, investment and procurement standards and procedures for evaluating proposals for
33 renewable energy projects, in order to determine whether the proposed projects are consistent
34 with the renewable energy program adopted pursuant to section 39-26-7.

1 **42-140-9. Adoption of standards, procedures and rules.** -- The commissioner shall
2 have the authority to adopt, amend, and implement such rules as may be necessary ~~to~~ or desirable
3 to effectuate the purposes of this chapter. ~~In~~ Before promulgating rules and regulations, ~~any rule~~
4 ~~making by the commissioner~~, the commissioner shall seek and consider ~~as a matter of record~~ the
5 ~~advise~~ advice of the ~~energy resources council~~ renewable energy coordinating board.

6 SECTION 3. Chapter 42-140 of the general laws entitled, "Rhode Island Energy
7 Resources Act" is hereby amended by adding thereto the following section:

8 **42-140-10. Renewable energy investment coordination.** -- (a) Intent. To develop an
9 integrated organizational structure to secure for Rhode Island and its people the full benefits of
10 cost-effective renewable energy development from diverse sources.

11 (b) Purpose. The office is authorized to integrate the management of public funds to
12 promote the expansion and sound development of renewable energy resources by providing
13 coordinated and cost-effective use of funds from:

14 (1) The renewable energy program of the demand side management program, as set forth
15 in section 39-2-1.2; and

16 (2) The renewable energy development fund of the renewable energy standard, as set
17 forth in chapter 39-26.

18 (3) The sale of allowances under the greenhouse gas initiative act to the extent available
19 for renewable energy, as set forth in chapter 23-82.

20 (c) Renewable energy development fund. The office shall, in the furtherance of its
21 responsibilities to promote the provision of energy resources, establish and administer a
22 renewable energy development fund as provided for in section 39-26-7, may exercise the powers
23 set forth in this chapter, as necessary or convenient to accomplish this purpose, and shall provide
24 such administrative support as may be needed for the coordinated administration of the renewable
25 energy standard, as provided for in chapter 39-26 and the renewable energy program established
26 by section 39-2-1.2.

27 (d) Duties. The office shall with regards to renewable energy project investment:

28 (1) Establish standards for financing renewable energy projects from diverse sources.

29 (2) Enter into agreements, consistent with this chapter and renewable energy investment
30 plans adopted by the office, to provide support to renewable energy projects that meet applicable
31 standards established by the office. Said agreements may include contracts with municipalities
32 and public corporations.

33 (e) Conduct of activities. Wherever possible, the conduct of activities under the
34 provisions of this section shall be open and inclusive. In addressing the purposes of this chapter,

1 the commissioner shall involve the research and analytic capacities of institutions of higher
2 education within the state, industry, advocacy groups, and regional entities, and shall seek input
3 from stakeholders including, but not limited to, residential and commercial energy users.

4 (f) Reporting. On March 1 of each year, beginning in 2014, the office shall submit to the
5 governor, the president of the senate, the speaker of the house of representatives, and the
6 secretary of state, a financial and performance report. The reports shall set forth:

7 (1) The expenditure for each of the renewable energy program funds administered by the
8 office;

9 (2) A listing of all private consultants engaged by the office on a contract basis and a
10 statement of the total amount paid to each private consultant from the two (2) renewable energy
11 funds administered in accordance with this chapter; a listing of any staff supported by these
12 funds, and a summary of any clerical, administrative or technical support received; and

13 (3) A summary of performance during the prior year including accomplishments and
14 shortcomings; project investments, the cost-effectiveness of renewable energy investments by the
15 office; and recommendations for improvement.

16 SECTION 4. Section 39-26-7 of the General Laws in Chapter 39-26 entitled "Renewable
17 energy standard" is hereby amended to read as follows:

18 **39-26-7. Renewable energy development fund.** -- (a) There is hereby authorized and
19 created within the ~~economic development corporation~~ office of energy resources a renewable
20 energy development fund for the purpose of increasing the supply of NE-GIS certificates
21 available for compliance in future years by obligated entities with renewable energy standard
22 requirements, as established in this chapter. The fund shall be located at and administered by the
23 ~~Rhode Island economic development corporation~~ office of energy resources in accordance with
24 section ~~42-64-13.2~~ 42-140-10. The ~~economic development corporation~~ office of energy resources
25 shall:

26 Adopt plans and guidelines for the management and use of the fund in accordance with
27 section ~~42-64-13.2~~ 42-140-10, and

28 (b) The ~~economic development corporation~~ office of energy resources shall enter into
29 agreements with obligated entities to accept alternative compliance payments, consistent with
30 rules of the commission and the purposes set forth in this section; and alternative compliance
31 payments received pursuant to this section shall be trust funds to be held and applied solely for
32 the purposes set forth in this section.

33 (c) The uses of the fund shall include but not be limited to:

34 (1) Stimulating investment in renewable energy development by entering into

- 1 agreements, including multi-year agreements, for renewable energy certificates;
- 2 (2) Establishing and maintaining a residential renewable energy program using eligible
- 3 technologies in accordance ~~the~~ with section 39-26-5;
- 4 (3) Providing technical and financial assistance to municipalities for interconnection and
- 5 feasibility studies, and/or the installation of renewable energy projects;
- 6 (4) Issuing assurances and/or guarantees to support the acquisition of renewable energy
- 7 certificates and/or the development of new renewable energy sources for Rhode Island;
- 8 (5) Establishing escrows, reserves, and/or acquiring insurance for the obligations of the
- 9 fund;
- 10 (6) Paying administrative costs of the fund incurred by the ~~economic development~~
- 11 ~~corporation, the board of trustees, or~~ the office of energy resources, not to exceed ten percent
- 12 (10%) of the income of the fund, including, but not limited to, alternative compliance payments.
- 13 ~~All funds transferred from the economic development corporation to support the office of energy~~
- 14 ~~resources' administrative costs shall be deposited as restricted receipts.~~

15 (d) NE-GIS certificates acquired through the fund may be conveyed to obligated entities

16 or may be credited against the renewable energy standard for the year of the certificate provided

17 that the commission assesses the cost of the certificates to the obligated entity, or entities,

18 benefiting from the credit against the renewable energy standard, which assessment shall be

19 reduced by previously made alternative compliance payments and shall be paid to the fund.

20 SECTION 5. Section 42-64-13.2 of the General Laws in Chapter "Rhode Island

21 Economic Development Corporation" is hereby repealed.

22 ~~**42-64-13.2. Renewable energy investment coordination.**—(a) Intent.—To develop an~~

23 ~~integrated organizational structure to secure for Rhode Island and its people the full benefits of~~

24 ~~cost-effective renewable energy development from diverse sources.~~

25 ~~(b) Definitions.—For purposes of this section, the following words and terms shall have~~

26 ~~the meanings set forth in RIGL 42-64-3 unless this section provides a different meaning.~~

27 ~~Within this section, the following words and terms shall have the following meanings:~~

28 ~~(1) "Corporation" means the Rhode Island economic development corporation.~~

29 ~~(2) "Municipality" means any city or town, or other political subdivision of the state.~~

30 ~~(3) "Office" means the office of energy resources established by chapter 42-140.~~

31 ~~(c) Renewable energy development fund.—The corporation shall, in the furtherance of its~~

32 ~~responsibilities to promote and encourage economic development, establish and administer a~~

33 ~~renewable energy development fund as provided for in section 39-26-7, may exercise the powers~~

34 ~~set forth in this chapter, as necessary or convenient to accomplish this purpose, and shall provide~~

1 ~~such administrative support as may be needed for the coordinated administration of the renewable~~
2 ~~energy standard as provided for in chapter 39-26 and the renewable energy program established~~
3 ~~by section 39-2-1.2. The corporation may upon the request of any person undertaking a renewable~~
4 ~~energy facility project, grant project status to the project, and a renewable energy facility project,~~
5 ~~which is given project status by the corporation, shall be deemed an energy project of the~~
6 ~~corporation.~~

7 ~~(d) Duties.—The corporation shall, with regards to renewable energy project investment:~~

8 ~~(1) Establish by rule, in consultation with the office, standards for financing renewable~~
9 ~~energy projects from diverse sources.~~

10 ~~(2) Enter into agreements, consistent with this chapter and renewable energy investment~~
11 ~~plans adopted by the office, to provide support to renewable energy projects that meet applicable~~
12 ~~standards established by the corporation. Said agreements may include contracts with~~
13 ~~municipalities and public corporations.~~

14 ~~(e) Conduct of activities.~~

15 ~~(1) To the extent reasonable and practical, the conduct of activities under the provisions~~
16 ~~of this chapter shall be open and inclusive; the director shall seek, in addressing the purposes of~~
17 ~~this chapter, to involve the research and analytic capacities of institutions of higher education~~
18 ~~within the state, industry, advocacy groups, and regional entities, and shall seek input from~~
19 ~~stakeholders including, but not limited to, residential and commercial energy users.~~

20 ~~(2) By January 1, 2009, the director shall adopt:~~

21 ~~(A) Goals for renewable energy facility investment which is beneficial, prudent, and from~~
22 ~~diverse sources;~~

23 ~~(B) A plan for a period of five (5) years, annually upgraded as appropriate, to meet the~~
24 ~~aforementioned goals; and~~

25 ~~(C) Standards and procedures for evaluating proposals for renewable energy projects in~~
26 ~~order to determine the consistency of proposed projects with the plan.~~

27 ~~(f) Reporting.—On March 1, of each year after the effective date of this chapter, the~~
28 ~~corporation shall submit to the governor, the president of the senate, the speaker of the house of~~
29 ~~representatives, and the secretary of state, a financial and performance report. These reports shall~~
30 ~~be posted electronically on the general assembly and the secretary of state's websites as~~
31 ~~prescribed in section 42-20-8.2. The reports shall set forth:~~

32 ~~(1) The corporation's receipts and expenditures in each of the renewable energy program~~
33 ~~funds administered in accordance with this section.~~

34 ~~(2) A listing of all private consultants engaged by the corporation on a contract basis and~~

1 ~~a statement of the total amount paid to each private consultant from the two (2) renewable energy~~
2 ~~funds administered in accordance with this chapter; a listing of any staff supported by these~~
3 ~~funds, and a summary of any clerical, administrative or technical support received; and~~
4 ~~(3) A summary of performance during the prior year including accomplishments and~~
5 ~~shortcomings; project investments, the cost effectiveness of renewable energy investments by the~~
6 ~~corporation; and recommendations for improvement.~~

7 SECTION 6. This article shall take effect upon passage.