

2024 -- H 7430

LC004570

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- RENEWABLE ENERGY
STANDARD

Introduced By: Representatives Chippendale, Costantino, Roberts, Quattrocchi, Rea,
Cardillo, Newberry, Nardone, and Place

Date Introduced: February 02, 2024

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 39-26-4 and 39-26-6 of the General Laws in Chapter 39-26 entitled
2 "Renewable Energy Standard" are hereby amended to read as follows:

3 **39-26-4. Renewable energy standard.**

4 (a) Starting in compliance year 2007, all obligated entities shall obtain at least three percent
5 (3%) of the electricity they sell at retail to Rhode Island end-use customers, adjusted for electric
6 line losses, from eligible renewable energy resources, escalating, according to the following
7 schedule:

8 (1) At least three percent (3%) of retail electricity sales in compliance year 2007;

9 (2) An additional one-half of one percent (0.5%) of retail electricity sales in each of the
10 following compliance years 2008, 2009, 2010;

11 (3) An additional one percent (1%) of retail electricity sales in each of the following
12 compliance years 2011, 2012, 2013, 2014, provided that the commission has determined the
13 adequacy, or potential adequacy, of renewable energy supplies to meet these percentage
14 requirements;

15 (4) An additional one and one-half percent (1.5%) of retail electricity sales in each of the
16 following compliance years 2015, 2016, 2017, 2018, 2019, 2020, 2021, ~~and 2022;~~ and each year
17 thereafter until 2035; provided that, the commission has determined the adequacy, pursuant to §39-
18 26-6, of renewable energy supplies to meet these percentage requirements;

- 1 (5) [Deleted by P.L. 2016, ch. 144, § 1 and P.L. 2016, ch. 155, § 1.]
2 (6) An additional four percent (4%) of retail electricity sales in 2023;
3 (7) An additional five percent (5%) of retail electricity sales in 2024;
4 (8) An additional six percent (6%) of retail electricity sales in 2025;
5 (9) An additional seven percent (7%) of retail electricity sales in 2026 and 2027;
6 (10) An additional seven and one-half percent (7.5%) of retail electricity sales in 2028;
7 (11) An additional eight percent (8%) of retail electricity sales in 2029;
8 (12) An additional eight and one-half percent (8.5%) of retail electricity sales in 2030;
9 (13) An additional nine percent (9%) of retail electricity sales in 2031; and
10 (14) An additional nine and one-half percent (9.5%) of retail electricity sales in 2032 and
11 2033 to achieve the goal that one hundred percent (100%) of Rhode Island's electricity demand is
12 from renewable energy by 2033 and each year thereafter.

13 (b) For each obligated entity and in each compliance year, the amount of retail electricity
14 sales used to meet obligations under this statute that are derived from existing renewable energy
15 resources shall not exceed two percent (2%) of total retail electricity sales.

16 (c) The minimum renewable energy percentages set forth in subsection (a) shall be met for
17 each electrical energy product offered to end-use customers, in a manner that ensures that the
18 amount of renewable energy of end-use customers voluntarily purchasing renewable energy is not
19 counted toward meeting such percentages. Notwithstanding the foregoing, municipalities engaged
20 in aggregation pursuant to § 39-3-1.2 may include in their aggregation plan terms that would allow
21 voluntary renewable energy products to be counted toward meeting such percentages. In 2024, the
22 commission, with input from the office of energy resources, division of public utilities and carriers,
23 obligated entities, other market participants, and the public, shall assess the impact of allowing
24 voluntary renewable energy purchases to be counted toward meeting the annual percentages. The
25 commission shall submit a report of its findings and recommendations to the governor, speaker of
26 the house, and senate president no later than September 1, 2024.

27 (d) To the extent consistent with the requirements of this chapter, compliance with the
28 renewable energy standard may be demonstrated through procurement of NE-GIS certificates
29 relating to generating units certified by the commission as using eligible renewable energy sources,
30 as evidenced by reports issued by the NE-GIS administrator. Procurement of NE-GIS certificates
31 from off-grid and customer-sited generation facilities, verified by the commission as eligible
32 renewable energy resources, may also be used to demonstrate compliance. With the exception of
33 contracts for generation supply entered into prior to 2002, initial title to NE-GIS certificates from
34 off-grid and customer-sited generation facilities and from all other eligible renewable energy

1 resources, shall accrue to the owner of such a generation facility, unless such title has been
2 explicitly deemed transferred pursuant to contract or regulatory order.

3 (e) In lieu of providing NE-GIS certificates pursuant to subsection (d) of this section, an
4 obligated entity may also discharge all or any portion of its compliance obligations by making an
5 alternative compliance payment to the renewable energy development fund established pursuant to
6 § 39-26-7.

7 (f) Retail electricity sales pursuant to a nonregulated power producer's supply contract that
8 was executed prior to July 1, 2022, shall be required to obtain an additional one and one-half percent
9 (1.5%) of retail electricity sales each year and are exempted from the requirements of subsections
10 (a)(6) through (a)(14) of this section until the end date of the term of the nonregulated power
11 producer's supply contract.

12 **39-26-6. Duties of the commission.**

13 (a) The commission shall:

14 (1) Develop and adopt regulations on or before December 31, 2005, for implementing a
15 renewable energy standard, which regulations shall include, but be limited to, provisions for:

16 (i) Verifying the eligibility of renewable energy generators and the production of energy
17 from such generators, including requirements to notify the commission in the event of a change in
18 a generator's eligibility status or if the generator ceases to produce energy, provided, the
19 commission shall make public notification of any changes in eligibility or production of energy as
20 defined herein, and the commission shall promulgate rules and regulations to allow and facilitate
21 the prompt public disclosure of this information;

22 (ii) Standards for contracts and procurement plans for renewable energy resources to
23 achieve the purposes of this chapter;

24 (iii) Flexibility mechanisms for the purposes of easing compliance burdens; facilitating
25 bringing new renewable resources on-line; and avoiding and/or mitigating conflicts with state-level
26 source disclosure requirements and green marketing claims throughout the region; which flexibility
27 mechanisms shall allow obligated entities to: (A) Demonstrate compliance over a compliance year;
28 and (B) Bank excess compliance for two (2) subsequent compliance years, capped at thirty percent
29 (30%) of the current year's obligation; and

30 (iv) Annual compliance filings to be made by all obligated entities within one month after
31 NE-GIS reports are available for the fourth (4th) quarter of each calendar year. All electric-utility-
32 distribution companies shall cooperate with the commission in providing data necessary to assess
33 the magnitude of obligation and verify the compliance of all obligated entities.

34 (2) Authorize rate recovery by electric-utility-distribution companies of all prudent

1 incremental costs arising from the implementation of this chapter, including, without limitation:
2 the purchase of NE-GIS certificates; the payment of alternative compliance payments; required
3 payments to support the NE-GIS; assessments made pursuant to § 39-26-7(c); and the incremental
4 costs of complying with energy source disclosure requirements.

5 (3) Certify eligible renewable energy resources by issuing statements of qualification
6 within ninety (90) days of application. The commission shall provide prospective reviews for
7 applicants seeking to determine whether a facility would be eligible.

8 (4) [Deleted by P.L. 2022, ch. 218, § 1 and P.L. 2022, ch. 226, § 1.]

9 Determine, on or before January 1, 2019, and every fifth year thereafter, the adequacy of
10 renewable energy supplies to meet the increase in the percentage requirement of energy from
11 renewable energy resources to go into effect the following year. In the event that the commission
12 determines an inadequacy of supplies for scheduled percentage increases, the commission shall
13 delay all or a part of the implementation of the scheduled percentage increase, until such time that
14 the commission determines that the supplies are adequate to achieve the purposes of this chapter.

15 (5) Establish sanctions for those obligated entities that, after investigation, have been found
16 to fail to reasonably comply with the commission's regulations. No sanction or penalty shall relieve
17 or diminish an obligated entity from liability for fulfilling any shortfall in its compliance obligation;
18 provided, however, that no sanction shall be imposed if compliance is achieved through alternative
19 compliance payments. The commission may suspend or revoke the certification of generation units,
20 certified in accordance with subsection (a)(3) of this section, that are found to provide false
21 information or that fail to notify the commission in the event of a change in eligibility status or
22 otherwise comply with its rules. Financial penalties resulting from sanctions from obligated entities
23 shall not be recoverable in rates.

24 (6) Report, by February 15, 2006, and by February 15 each year thereafter, to the governor,
25 the speaker of the house, and the president of the senate on the status of the implementation of the
26 renewable energy standards in Rhode Island and other states, and which report shall include in
27 2009, and each year thereafter, the level of use of renewable energy certificates by eligible
28 renewable energy resources and the portion of renewable energy standards met through alternative
29 compliance payments, and the amount of rate increases authorized pursuant to subsection (a)(2) of
30 this section.

31 (b) Consistent with the public policy objective of developing renewable generation as an
32 option in Rhode Island, and subject to the review and approval of the commission, the electric
33 distribution company is authorized to propose and implement pilot programs to own and operate
34 no more than fifteen megawatts (15 MW) of renewable-generation demonstration projects in Rhode

1 Island and may include the costs and benefits in rates to distribution customers. At least two (2)
2 demonstration projects shall include renewable generation installed at, or in the vicinity of
3 nonprofit, affordable-housing projects where energy savings benefits are provided to reduce
4 electric bills of the customers at the nonprofit, affordable-housing projects. Any renewable-
5 generation proposals shall be subject to the review and approval of the commission. The
6 commission shall annually make an adjustment to the minimum amounts required under the
7 renewable energy standard under this chapter in an amount equal to the kilowatt hours generated
8 by such units owned by the electric distribution company. The electric and gas distribution
9 company shall also be authorized to propose and implement smart-metering and smart-grid
10 demonstration projects in Rhode Island, subject to the review and approval of the commission, in
11 order to determine the effectiveness of such new technologies for reducing and managing energy
12 consumption, and may include the costs of such demonstration projects in distribution rates to
13 electric customers to the extent the project pertains to electricity usage and in distribution rates to
14 gas customers to the extent the project pertains to gas usage.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would restore several provisions of the Renewable Energy Standards chapter
2 which were repealed in 2022, including continuing the length of time during which entities must
3 obtain at least three percent (3%) of their electricity from eligible renewable energy resources until
4 2035. This act would also require the public utilities commission (PUC) to make public or
5 notification of any changes in eligibility or production of energy, and would direct the commission
6 to promulgate rules and regulations to allow and facilitate the prompt public disclosure of this
7 information.

8 This act would take effect upon passage.

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