

2014 -- H 7791

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- LONG-TERM CONTRACTING  
STANDARD FOR RENEWABLE ENERGY

Introduced By: Representatives Naughton, Marcello, Newberry, and E Coderre

Date Introduced: March 04, 2014

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1           SECTION 1. Chapter 39-26.1 of the General Laws entitled "Long-Term Contracting  
2 Standard for Renewable Energy" is hereby amended by adding thereto the following section:

3           **39-26.1-10. Reconsideration of excess costs to ratepayers.** – (a) The division of public  
4 utilities shall biannually introduce a docket before the public utilities commission reexamining  
5 the avoided cost implications on the anniversary of any power purchase contract approved under  
6 this chapter that provides for costs in excess of those paid for power under chapter 26.4 of title 39  
7 and that has not yet begun local construction or installation of generation infrastructure. Excess  
8 cost to ratepayers shall be reexamined with regard to any new evidence as to benefits associated  
9 with said projects considering likely liquidated damages for terminating said contract. Should  
10 those excess costs less the costs of termination exceed the benefits, the public utilities  
11 commission shall order the electric distribution company to terminate said contract.

12           (b) For the purposes of administration of this section, liquidated damages shall be  
13 narrowly construed to include actual costs incurred by parties to the contracts and real derivative  
14 damages, excepting therefrom any allowances for unearned profits or returns. Investors, if any, in  
15 the project or in public offerings of project bonds shall be entitled to interest to date of the  
16 termination and the refund of any principal but neither the electric distribution company nor its  
17 ratepayers shall be responsible if the actuarial damages together with cash on hand of the project  
18 developer do not compensate investors in the amount specified. It is the policy and determination

1 [of the legislature that those who obtain power supply contractors providing for compensation in](#)  
2 [excess of the prevailing market and their investors have no contract rights to profits or returns or](#)  
3 [investment security in said projects from power not yet delivered.](#)

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 -- LONG-TERM CONTRACTING  
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1           This act would require that the public utilities commission review biannually any power  
2 purchase contract calling for the local construction or installation of generation infrastructure  
3 which has not yet commenced. It would further require a cost benefit analysis be performed to  
4 determine if said contracts are in the best interest of ratepayers. This act would allow for the  
5 termination of any contract in which the cost to ratepayers exceeds the benefits.

6           This act would take effect upon passage.

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