

2014 -- H 7786

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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 - CONTRACTING STANDARD FOR
RENEWABLE ENERGY

Introduced By: Representative Arthur Handy

Date Introduced: March 04, 2014

Referred To: House Corporations

(Division of Public Utilities & Carriers)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 39-26.1-3 of the General Laws in Chapter 39-26.1 entitled "Long-
2 Term Contracting Standard for Renewable Energy" is hereby amended to read as follows:

3 **39-26.1-3. Long-term contract standard.** -- (a) Beginning on or before July 1, 2010,
4 each electric distribution company shall be required to annually solicit proposals from renewable
5 energy developers and, provided commercially reasonable proposals have been received, enter
6 into long-term contracts with terms of up to fifteen (15) years for the purchase of capacity, energy
7 and attributes from newly developed renewable energy resources. Subject to commission
8 approval, the electric distribution company may enter into contracts for term lengths longer than
9 fifteen (15) years. Notwithstanding any other provisions of this chapter, on or before August 15,
10 2009, the electric distribution company shall solicit proposals for one newly developed renewable
11 energy resources project as required in section 39-26.1-7. Proposals for the sale of output from an
12 offshore wind project received under the provisions of this section shall be diligently and fully
13 considered without prejudice, regardless of the status of any proceedings under sections 39-26.1-7
14 or 39-26.1-8.

15 (b) The timetable and method for solicitation and execution of such contracts shall be
16 proposed by the electric distribution company, and shall be subject to review and approval by the
17 commission prior to issuance by the company; provided that the timetable is reasonably designed
18 to result in the electric distribution company having the minimum long-term contract capacity

1 under contract within four (4) years of the date of the first solicitation; it is not necessary that the
2 projects associated with these contracts be operational within these four (4) years, as the
3 operational dates shall be specified in the contract. The electric distribution company shall,
4 subject to review and approval of the commission, select a reasonable method of soliciting
5 proposals from renewable energy developers, which shall include, at a minimum, an annual
6 public solicitation, but may also include individual negotiations. The solicitation process shall
7 permit a reasonable amount of negotiating discretion for the parties to engage in commercially
8 reasonable arms-length negotiations over final contract terms. Each long-term contract entered
9 into pursuant to this section shall contain a condition that it shall not be effective without
10 commission review and approval. The electric distribution company shall file such contract, along
11 with a justification for its decision, within a reasonable time after it has executed the contract
12 following a solicitation or negotiation. The commission shall hold public hearings to review the
13 contract ~~within forty five (45) days of the filing~~ and issue a written order approving or rejecting
14 the contract within ~~sixty (60) days~~ ninety (90) days of the filing; in rejecting a contract the
15 commission may advise the parties of the reason for the contract being rejected and direct the
16 parties to attempt to address the reasons for rejection in a revised contract within a specified
17 period not to exceed ninety (90) days. The commission shall approve the contract if it determines
18 that: (1) the contract is commercially reasonable; (2) the requirements for the annual solicitation
19 have been met; and (3) the contract is consistent with the purposes of this chapter. A report on
20 each solicitation shall be filed with the commission each year within a reasonable time after
21 decisions are made by the electric distribution company regarding the solicitation results, even if
22 no contracts are executed following the solicitation.

23 (c) (1) No electric distribution company shall be obligated to enter into long-term
24 contracts for newly developed renewable energy resources on terms which the electric
25 distribution company reasonably believes to be commercially unreasonable; provided, however, if
26 there is a dispute about whether these terms are commercially unreasonable, the commission shall
27 make the final determination after an evidentiary hearing. The electric distribution company shall
28 not be obligated to enter into long-term contracts pursuant to this section that would, in the
29 aggregate, exceed the minimum long-term contract capacity, but may do so voluntarily subject to
30 commission approval. As long as the electric distribution company has entered into long-term
31 contracts in compliance with this section, the electric distribution company shall not be required
32 by regulation or order to enter into power purchase contracts with renewable generation projects
33 for power, renewable energy certificates, or any other attributes with terms of more than three (3)
34 years in meeting its applicable annual renewable portfolio standard requirements set forth in

1 section 39-26-4 or pursuant to any other provision of the law.

2 (2) Except as provided in section 39-26.1-7 and 39-26.1-8, an electric distribution
3 company shall not be required to enter into long-term contracts for newly developed renewable
4 energy resources that exceed the following five (5) year phased schedule:

5 By December 30, 2010: Twenty-five percent (25%) of the minimum long-term contract
6 capacity;

7 By December 30, 2011: Fifty percent (50%) of the minimum long-term contract
8 capacity;

9 By December 30, 2012: Seventy-five percent (75%) of the minimum long-term contract
10 capacity;

11 By December 30, 2014: One hundred percent (100%) of the minimum long-term
12 contract capacity; but may do so earlier voluntarily, subject to commission approval.

13 (d) Compliance with the long-term contract standard shall be demonstrated through
14 procurement pursuant to the provisions of a long-term contract of energy, capacity and attributes
15 reflected in NE-GIS certificates relating to generating units certified by the commission as using
16 newly developed renewable energy resources, as evidenced by reports issued by the NE-GIS
17 administrator and the terms of the contract; provided, however, that the NE-GIS certificates were
18 procured pursuant to the provisions of a long-term contract. The electric distribution company
19 also may purchase other attributes from the generator as part of the long-term contract.

20 (e) After the adoption of the rules and regulations promulgated by the commission
21 pursuant to this chapter, an electric distribution company may, at its sole election, immediately
22 and from time to time, procure additional commercially reasonable long-term contracts for newly
23 developed renewable energy resources on an earlier timetable or above the minimum long-term
24 contract capacity, subject to commission approval.

25 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 allow the public utilities commission ninety (90) days to approve or reject
2 long-term renewable energy contracts. The act would eliminate the forty-five (45) day hearing
3 deadline.

4 This act would take effect upon passage.

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