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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO PUBLIC UTILITY - RATES

Introduced By: Senators Miller, Walaska, Sosnowski, Bates, and Goodwin

Date Introduced: February 09, 2011

Referred To: Senate Environment & Agriculture

It is enacted by the General Assembly as follows:

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

3 **39-2-1.2. Utility base rate – Advertising, demand side management and renewables.**

4 ~~==~~ (a) In addition to costs prohibited in § 39-1-27.4(b), no public utility distributing or providing
5 heat, electricity, or water to or for the public shall include as part of its base rate any expenses for
6 advertising, either direct or indirect, which promotes the use of its product or service, or is
7 designed to promote the public image of the industry. No public utility may furnish support of
8 any kind, direct, or indirect, to any subsidiary, group, association, or individual for advertising
9 and include the expense as part of its base rate. Nothing contained in this section shall be deemed
10 as prohibiting the inclusion in the base rate of expenses incurred for advertising, informational or
11 educational in nature, which is designed to promote public safety conservation of the public
12 utility's product or service. The public utilities commission shall promulgate such rules and
13 regulations as are necessary to require public disclosure of all advertising expenses of any kind,
14 direct or indirect, and to otherwise effectuate the provisions of this section.

15 (b) Effective as of January 1, ~~2003~~ 2008, and for a period of ten (10) years thereafter,
16 each electric distribution company shall include charges ~~of 2.0 mills~~ per kilowatt-hour delivered
17 to fund demand side management programs and 0.3 mills per kilowatt-hour delivered to fund
18 renewable energy programs. ~~Existing charges for these purposes and their method of~~
19 ~~administration shall continue through December 31, 2002. Thereafter, the~~ The electric

1 distribution company shall establish and ~~after July 1, 2007,~~ maintain two (2) separate accounts,
2 one for demand side management programs, which shall be administered and implemented by the
3 distribution company, subject to the regulatory reviewing authority of the [energy efficiency and](#)
4 [resources management council and](#) commission, and one for renewable energy programs, which
5 shall be administered by the economic development corporation pursuant to § 42-64-13.2 and,
6 shall be held and disbursed by the distribution company as directed by the economic development
7 corporation for the purposes of developing, promoting and supporting renewable energy
8 programs.

9 During the ten (10) year period the commission may, in its discretion, after notice and
10 public hearing, increase the sums for demand side management and renewable resources;
11 thereafter, the commission shall, after notice and public hearing, determine the appropriate charge
12 for these programs. The office of energy resources and/or the administrator of the renewable
13 energy programs may seek to secure for the state an equitable and reasonable portion of
14 renewable energy credits or certificates created by private projects funded through those
15 programs. As used in this section, "renewable energy resources" shall mean: (1) power generation
16 technologies as defined in § 39-26-5, "eligible renewable energy resources", including off-grid
17 and on-grid generating technologies located in Rhode Island as a priority; (2) research and
18 development activities in Rhode Island pertaining to eligible renewable energy resources and to
19 other renewable energy technologies for electrical generation; or (3) projects and activities
20 directly related to implementing eligible renewable energy resources projects in Rhode Island.
21 Technologies for converting solar energy for space heating or generating domestic hot water may
22 also be funded through the renewable energy programs, so long as these technologies are installed
23 on housing projects that have been certified by the executive director of the Rhode Island housing
24 and mortgage finance corporation as serving low-income Rhode Island residents. Fuel cells may
25 be considered an energy efficiency technology to be included in demand sided management
26 programs. Special rates for low-income customers in effect as of August 7, 1996 shall be
27 continued, and the costs of all of these discounts shall be included in the distribution rates
28 charged to all other customers. Nothing in this section shall be construed as prohibiting an electric
29 distribution company from offering any special rates or programs for low-income customers
30 which are not in effect as of August 7, 1996, subject to the approval by the commission.

31 (c) On or before November 15, 2008, the economic development corporation shall
32 create the municipal renewable energy investment program utilizing the lesser of fifty percent
33 (50%) or one million dollars (\$1,000,000) collected annually from the .3 mils per kilo-watt hour
34 charge for renewable energy programs, to fund qualified municipal renewable energy projects in

1 accordance with this chapter and the following provisions:

2 (1) The municipal renewable energy investment programs shall be administered
3 pursuant to rules established by the economic development corporation. Said rules shall provide
4 transparent criteria to rank qualified municipal renewable energy projects, giving consideration
5 to:

- 6 (i) the feasibility of project completion;
- 7 (ii) the anticipated amount of renewable energy the project will produce;
- 8 (iii) the potential of the project to mitigate energy costs over the life of the project; and
- 9 (iv) the estimated cost per kilo-watt hour (kwh) of the energy produced from the
10 project. Municipalities that have not previously received financing from this program shall be
11 given priority over those municipalities that have received funding under this program.

12 (2) Beginning on January 1, 2009, the economic development corporation shall solicit
13 proposals from municipalities for eligible projects and shall award grants, in accordance with the
14 rules and ranking criteria, of no more than five hundred thousand dollars (\$500,000) to each
15 eligible project.

16 (3) Any funds not expended from the municipal renewable energy investment programs
17 in a given year shall remain in the fund and be added to the balance to be distributed in the next
18 award cycle. For the purposes of this section, qualified municipal renewable energy projects
19 means any project that produces renewable energy resources and whose output of power and
20 other attributes is controlled in its entirety by at least one Rhode Island city or town.

21 (d) On or before November 15, 2008, the economic development corporation shall
22 create the nonprofit affordable housing renewable energy investment program utilizing the lesser
23 of ten percent (10%) or two hundred thousand dollars (\$200,000) collected annually from the .3
24 mills per kilo-watt hour charge for renewable energy programs to fund qualified nonprofit
25 affordable housing renewable energy projects in accordance with this chapter and the following
26 provisions:

27 (1) The nonprofit affordable housing renewable energy investment programs shall be
28 administered pursuant to rules established by the economic development corporation in
29 consultation with the Rhode Island housing mortgage finance corporation. Said rules shall
30 provide transparent criteria to rank qualified nonprofit affordable housing renewable energy
31 projects, giving consideration to:

- 32 (i) the feasibility of project completion;
- 33 (ii) the anticipated amount of renewable energy the project will produce;
- 34 (iii) the potential of the project to mitigate energy costs over the life of the project; and

1 (iv) the estimated cost per kilo-watt hour (kwh) of the energy produced from the
2 project. Nonprofit affordable housing agencies that have not previously received financing from
3 this program shall be given priority over those agencies that have received funding under this
4 program.

5 (2) Beginning on January 1, 2009, the economic development corporation, in
6 consultation with the Rhode Island housing and mortgage finance corporation, shall solicit
7 proposals from eligible nonprofit housing agencies for renewable energy projects and shall award
8 grants, in accordance with the rules and ranking criteria. The economic development corporation
9 shall consult with the Rhode Island housing and mortgage finance corporation in the grant-
10 making process and shall notify the corporation of the awardees.

11 (3) Any funds not expended from the affordable housing renewable energy investment
12 program in a given year shall remain in the fund and be added to the balance to be distributed in
13 the next award cycle. For the purposes of this section, "qualified nonprofit affordable housing
14 renewable energy projects" means any project that produces renewable energy resources and
15 whose output of power and other attributes is controlled in its entirety by at least one nonprofit
16 affordable housing development as defined in § 42-55-3 and is restricted to producing energy for
17 the nonprofit affordable housing development.

18 (e) The executive director of the economic development corporation is authorized and
19 may enter into a contract with a contractor for the cost effective administration of the renewable
20 energy programs funded by this section. A competitive bid and contract award for administration
21 of the renewable energy programs may occur every three (3) years and shall include as a
22 condition that after July 1, 2008 the account for the renewable energy programs shall be
23 maintained and administered by the economic development corporation as provided for in
24 subdivision (b) above.

25 (f) Effective January 1, 2007, and for a period of ~~seven (7)~~ eleven (11) years thereafter,
26 each gas distribution company shall include, with the approval of the commission, a charge ~~of up~~
27 ~~to fifteen cents (\$0.15)~~ per deca therm delivered to demand side management programs,
28 including, but not limited to, programs for cost-effective energy efficiency, energy conservation,
29 combined heat and power systems, and weatherization services for low income households.

30 (g) The gas company shall establish a separate account for demand side management
31 programs, which shall be administered and implemented by the distribution company, subject to
32 the regulatory reviewing authority of the commission. The commission may establish
33 administrative mechanisms and procedures that are similar to those for electric demand side
34 management programs administered under the jurisdiction of the commissions and that are

1 designed to achieve cost-effectiveness and high life-time savings of efficiency measures
2 supported by the program.

3 (h) The commission may, if reasonable and feasible, except from this demand side
4 management change:

5 (i) gas used for distribution generation; and

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

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

16 (j) Effective January 1, 2007, the commission shall allocate from demand-side
17 management gas and electric funds authorized pursuant to this § 39-2-1.2, an amount not to
18 exceed two percent (2%) of such funds on an annual basis for the retention of expert consultants,
19 and reasonable administrations costs of the energy efficiency and resources management council
20 associated with planning, management, and evaluation of energy efficiency programs, renewable
21 energy programs and least-cost procurement, and with regulatory proceedings, contested cases,
22 and other actions pertaining to the purposes, powers and duties of the council, which allocation
23 may by mutual agreement, be used in coordination with the office of energy resources to support
24 such activities.

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 harmonize electric and natural gas energy efficiency funding with the
2 provisions of the least-cost procurement law. It would also enable investment in all energy
3 efficiency resources that are cheaper than supply, lowering consumer energy bills.

4 This act would take effect upon passage.

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