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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS-RENEWABLE ENERGY

Introduced By: Senators Ruggerio, Euer, Goodwin, McCaffrey, Pearson, Miller, Gallo, and DiPalma

Date Introduced: March 17, 2021

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

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

39-26-4. Renewable energy standard.

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

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

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

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

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

(5) [Deleted by P.L. 2016, ch. 144, § 1 and P.L. 2016, ch. 155, § 1.]

(6) An additional four percent (4%) of retail electricity sales in 2022;

(7) An additional five percent (5%) of retail electricity sales in 2023;

(8) An additional six percent (6%) of retail electricity sales in 2024;

(9) An additional eleven percent (11%) of retail electricity sales in 2025, 2026, and 2027; and

(10) An additional eleven and one-half percent (11.5%) of retail electricity sales in 2028, 2029 and 2030 to achieve the goal that one hundred percent (100%) of Rhode Island's electricity demand is from renewable energy by 2030 and each year thereafter.

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

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

(d) To the extent consistent with the requirements of this chapter, compliance with the renewable energy standard may be demonstrated through procurement of NE-GIS certificates relating to generating units certified by the commission as using eligible renewable energy sources, as evidenced by reports issued by the NE-GIS administrator. Procurement of NE-GIS certificates from off-grid and customer-sited generation facilities, if ~~located in Rhode Island and~~ verified by the commission as eligible renewable energy resources, may also be used to demonstrate compliance. With the exception of contracts for generation supply entered into prior to 2002, initial title to NE-GIS certificates from off-grid and customer-sited generation facilities and from all other eligible renewable energy resources, shall accrue to the owner of such a generation facility, unless such title has been explicitly deemed transferred pursuant to contract or regulatory order.

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

<u>39-26-6. Duties of the commission.</u>

(a) The commission shall:

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

(i) Verifying the eligibility of renewable energy generators and the production of energy from such generators, including requirements to notify the commission in the event of a change in a generator's eligibility status.

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

(iii) Flexibility mechanisms for the purposes of easing compliance burdens; facilitating bringing new renewable resources on-line; and avoiding and/or mitigating conflicts with state-level source disclosure requirements and green marketing claims throughout the region; which flexibility mechanisms shall allow obligated entities to: (A) Demonstrate compliance over a compliance year; <u>and</u> (B) Bank excess compliance for two (2) subsequent compliance years, capped at thirty percent (30%) of the current year's obligation~~; and (C) Allow renewable energy generated during 2006 to be banked by an obligated entity as early compliance, usable towards meeting an obligated entity's 2007 requirement. Generation used for early compliance must result in the retirement of NE-GIS certificates in a reserved certificate account designated for such purposes~~.

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

(2) Authorize rate recovery by electric-utility-distribution companies of all prudent incremental costs arising from the implementation of this chapter, including, without limitation: the purchase of NE-GIS certificates; the payment of alternative compliance payments; required payments to support the NE-GIS; assessments made pursuant to § 39-26-7(c); and the incremental costs of complying with energy source disclosure requirements.

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

(4) ~~Determine, on or before January 1, 2019, and every fifth year thereafter, the adequacy of renewable energy supplies to meet the increase in the percentage requirement of energy from~~

~~renewable energy resources to go into effect the following year. In the event that the commission determines an inadequacy of supplies for scheduled percentage increases, the commission shall delay all or a part of the implementation of the scheduled percentage increase, until such time that the commission determines that the supplies are adequate to achieve the purposes of this chapter.~~

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

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

(b) Consistent with the public policy objective of developing renewable generation as an option in Rhode Island, and subject to the review and approval of the commission, the electric distribution company is authorized to propose and implement pilot programs to own and operate no more than fifteen megawatts (15 MW) of renewable-generation demonstration projects in Rhode Island and may include the costs and benefits in rates to distribution customers. At least two (2) demonstration projects shall include renewable generation installed at, or in the vicinity of nonprofit, affordable-housing projects where energy savings benefits are provided to reduce electric bills of the customers at the nonprofit, affordable-housing projects. Any renewable-generation proposals shall be subject to the review and approval of the commission. The commission shall annually make an adjustment to the minimum amounts required under the renewable energy standard under this chapter in an amount equal to the kilowatt hours generated by such units owned by the electric distribution company. The electric and gas distribution company shall also be authorized to propose and implement smart-metering and smart-grid demonstration projects in Rhode Island, subject to the review and approval of the commission, in order to determine the effectiveness of such new technologies for reducing and managing energy consumption, and may include the costs of such demonstration projects in distribution rates to electric customers to the extent the project pertains to electricity usage and in distribution rates to gas customers to the extent the project pertains to gas usage.

SECTION 2. This act shall take effect upon passage.

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

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This act would increase from three percent (3%) to an additional 4% of retail electricity sales in 2022 from renewable energy sources; an additional five percent (5%) of retail electricity sales in 2023, an additional six percent of retail electricity sales in 2024, an additional eleven percent (11%) of retail electricity sales in 2025, 2026, and 2027; and an additional eleven and five tenths percent (11.5%) of retail electricity sales in 2028, 2029, and 2030 to achieve the goal that one hundred percent (100%) of Rhode Island's electricity demand is from renewable energy by 2030.

This act would take effect upon passage.

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