

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2008

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS

Introduced By: Senators Miller, Moura, C Levesque, Sosnowski, and Bates

Date Introduced: February 26, 2008

Referred To: Senate Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 39-26 of the General Laws entitled "Renewable Energy Standard"
2 is hereby amended by adding thereto the following sections:

3 **39-26-11. Short title.** – This act shall be known and may be cited as the “Rhode Island
4 Renewable Energy Sources Act”.

5 **39-26-12. Purpose.** – The purpose of this act is to do the following: (a) Enable the rapid
6 and sustainable development of Rhode Island’s abundant renewable energy resources for the
7 clean generation of electricity.

8 (b) Protect Rhode Island’s atmosphere from air pollution.

9 (c) Protect Rhode Island’s climate from global warming.

10 (d) Protect Rhode Island’s natural resources.

11 (e) Allow all citizens to participate in renewable electricity generation.

12 (f) Reduce the volatility of future electricity prices.

13 (g) Reduce the long-term costs of electricity.

14 (h) Place Rhode Island at the forefront of North America’s renewable energy revolution.

15 (i) Stimulate the development of new jobs, technologies, and industry in Rhode Island.

16 (j) Create a Rhode Island marketplace for the development of renewable energy.

17 **39-26-13. Definitions.** – As used in this act:

18 (a) “Capacity” means the electrical capacity that an eligible electric generator may
19 produce during regular operations, not including standby capacity.

1 (b) “Commission” means the Rhode Island public utilities commission.

2 (c) “Electric utility” means that term as defined in section 39-20-2.

3 (d) “Eligible electric generator” means a system for the generation of electricity that is
4 fueled by a renewable fuel in this state.

5 (e) “Reasonable profit” means a profit of not less than ten percent (10%) but not more
6 than thirty percent (30%).

7 (f) “Renewable fuel” means solar, hydroelectric, wind, geothermal, landfill gas, sewage
8 treatment gas, biofuel, or biomass. For the purposes of this subdivision:

9 (g) “Biofuel” means a fuel that is composed of a gas or liquid which is made entirely
10 from biomass.

11 (h) “Biomass” means organic waste or dedicated crops grown for energy production.

12 **39-26-14. Electricity from eligible electric generators.** – (a) An electric utility shall
13 connect an eligible electric generator to the utility’s distribution or transmission systems within
14 thirty (30) to sixty (60) days of such a request by an eligible electric generator. An electric utility
15 that refuses to connect an eligible electric generator to the utility’s distribution or transmission
16 systems is subject to fines of not more than one hundred dollars (\$100) per day that the electric
17 utility is in violation of this subsection and is liable for the electricity payments that would have
18 been paid to an eligible electric generator if such generator had been timely connected.

19 (b) The commission shall establish standards for the interconnection of eligible electric
20 generators with the distribution systems of electric utilities. The standards shall be consistent
21 with generally accepted industry practices and guidelines and shall be established to ensure the
22 reliability of electric service and the safety of customers, utility employees, and the general
23 public. The costs associated with the interconnection of eligible electric generators shall be
24 included in the surcharge under subsection (d) herein.

25 (c) Electric utilities shall enter into power purchase agreements for a term of not less than
26 twenty (20) years to purchase all electricity from eligible electric generators in this state at the
27 following rates set by the commission:

28 (1) For electricity generated by hydroelectric power, the rate needed for development
29 plus a reasonable profit, but no less than the following:

30 (i) \$0.10 per kilowatt hour for projects with a capacity under 500 kilowatts.

31 (ii) \$0.085 per kilowatt hour for projects with a capacity of 500 kilowatts to 10
32 megawatts.

33 (iii) \$0.065 per kilowatt hour for projects with a capacity greater than 10 megawatts to 20
34 megawatts.

- 1 (2) For electricity generated by landfill gas or sewage treatment gas, the rate needed for
2 development plus a reasonable profit, but no less than the following:
- 3 (i) \$0.10 per kilowatt hour for projects with a capacity under 500 kilowatts.
4 (ii) \$0.085 per kilowatt hour for projects with a capacity equal to or greater than 500
5 kilowatts and no more than 20 megawatts.
- 6 (3) For electricity generated by biomass and biogas, the rate needed for development plus
7 a reasonable profit, but no less than the following:
- 8 (i) \$0.145 per kilowatt hour for projects with a capacity less than 150 kilowatts.
9 (ii) \$0.125 per kilowatt hour for projects with a capacity of 150 kilowatts to 500
10 kilowatts.
- 11 (iii) \$0.115 per kilowatt hour for projects with a capacity greater than 500 kilowatts to 5
12 megawatts.
- 13 (iv) \$0.105 per kilowatt hour for projects with a capacity greater than 5 megawatts to 20
14 megawatts.
- 15 (4) For electricity generated by geothermal energy plants, the rate needed for
16 development plus a reasonable profit, but no less than the following:
- 17 (i) \$0.19 per kilowatt hour for projects with a capacity less than 5 megawatts.
18 (ii) \$0.18 per kilowatt hour for projects with a capacity of 15 megawatts to 10 megawatts.
19 (iii) \$0.115 per kilowatt hour for projects with a capacity greater than 10 megawatts to 20
20 megawatts.
- 21 (iv) \$0.09 per kilowatt hour for projects with a capacity greater than 20 megawatts.
- 22 (5) For electricity generated by wind-powered plants, the rate needed for development
23 plus a reasonable profit, but no less than the following:
- 24 (i) \$0.115 per kilowatt hour for projects with a capacity no greater than 20 megawatts.
25 (ii) \$0.105 per kilowatt hour for projects with a capacity of greater than 20 megawatts
26 and less than 50 megawatts.
- 27 (6) For electricity generated by solar-powered plants, the rate needed for development
28 plus a reasonable profit, but no less than the following:
- 29 (i) \$0.48 per kilowatt hour for free standing or open field projects and other projects not
30 included in subdivision 39-26-14(c)(6)(ii) – (iv) in each case.
- 31 (ii) \$0.54 per kilowatt hour for rooftop projects with a capacity of less than 30 kilowatts.
32 (iii) \$0.52 per kilowatt hour for rooftop projects with a capacity of 30 kilowatts to 100
33 kilowatts.
- 34 (iv) \$0.44 per kilowatt hour for rooftop projects with capacity greater than 100 kilowatts

1 and less than 2 megawatts.

2 (7) For electricity for projects of an eligible electric generator not otherwise listed in
3 subdivision 39-26-14(c)(i) – (6), the price per kilowatt hour on file as the avoided costs for
4 National Grid for the year the project is placed in service multiplied by 1.15.

5 (d) The commission shall, after notice and hearing, annually approve a renewable energy
6 factor that shall be a non-bypassable surcharge payable by every customer of an alternative
7 electric supplier, cooperative electric utility, electric utility, or municipal utility. The surcharge
8 shall be payable by all customer classes. The commission shall set the surcharge at a level
9 sufficient to pay the costs of electricity purchased under subsection (c) and any interconnection
10 costs under subsection (b) to the extent such costs exceed the sum of (1) the avoided costs for
11 such utility or supplies plus (2) the value of renewable energy credits related to such electricity
12 plus (3) an allocation from any demand side management for and approved by the commission.

13 (e) The commission shall approve a standard contract to be used in all power purchase
14 agreements under this act. The contract must include the prices paid for each kilowatt hour
15 generated, the duration of the contract, and any adjustments of those prices for inflation. The
16 commission shall provide utilities with standard contracts within three (3) months of the effective
17 date of this act.

18 (f) The commission shall review the rates in subsection (c) every two (2) years and adjust
19 those rates as necessary to account for inflation, assist in the profitable development of eligible
20 electric generators, prevent excessive profits for eligible electric generators, and prevent
21 unnecessary costs to ratepayers.

22 (g) In each of the first two (2) years and every four (4) years thereafter, the commission
23 shall file a report with the governor and legislature that shall include all of the following:

24 (1) The number of new eligible electric generators in this state and the environmental
25 effects of the addition of those generators.

26 (2) Recommendations for legislation and changes to the rates in subsection (c), if any.

27 (3) Actions taken by the commission to implement this act.

28 (h) Eligible electric generators shall, upon request, provide the commission any
29 information that may be relevant to the commission performing its duties under this act.

30 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

1 This act would require certain providers of electric service to purchase electricity from
2 eligible electric generators. It would also prescribe the powers and duties of certain state agencies
3 and officials.

4 This act would take effect upon passage.

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