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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - DISTRIBUTED GENERATION  
STANDARD CONTRACTS

Introduced By: Representatives Ruggiero, Edwards, Walsh, Chippendale, and Tanzi

Date Introduced: May 04, 2011

Referred To: House Environment and Natural Resources

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 39 of the General Laws entitled "PUBLIC UTILITIES AND  
2 CARRIERS" is hereby amended by adding thereto the following chapter:

3 CHAPTER 26.2

4 DISTRIBUTED GENERATION STANDARD CONTRACTS

5 **39-26.2-1. Short title.** -- This chapter shall be known and may be cited as "The  
6 Distributed Generation Standard Contracts Act."

7 **39-26.2-2. Definitions.** -- When used in this chapter, the following terms shall have the  
8 following meanings:

9 (1) "Annual target" means the target for total renewable energy credit capacity of new  
10 distributed generation standard contracts;

11 (2) "Commission" means the Rhode Island public utilities commission;

12 (3) "Distributed generation facility" means an electrical generation facility located in  
13 Rhode Island with a capacity no greater than five megawatts (5MW), using eligible renewable  
14 energy resources as defined in section 39-26-5, and connected to an electrical power system  
15 owned, controlled or operated by an electric distribution company;

16 (4) "Electric distribution company" means a company defined in subdivision 39-1-2(12),  
17 supplying standard offer service, last resort service, or any successor service to end-use  
18 customers, but not including the Block Island power company or the Pascoag utility district;

1 (5) “Program year” means a calendar year beginning January 1<sup>st</sup> and ending December  
2 31<sup>st</sup>;

3 (6) “Renewable energy classes” means categories for different renewable energy  
4 technologies and sizes;

5 (7) “Renewable energy credit” means a New England generation information system  
6 renewable energy certificate as defined in subdivision 39-26-2(15);

7 (8) “Renewable energy credit capacity” means the annual capacity of a distributed  
8 generation facility to generate renewable energy credits; and

9 (9) “Standard contract” means a contract of up to twenty (20) years at a fixed rate for the  
10 purchase of all renewable energy credits generated by a distributed generation facility. The office  
11 of energy resources shall set the terms of the standard contract for each program year pursuant to  
12 section 3 of this chapter.

13 **39-26.2-3. Standard contracts.** -- (a) By October 15, 2011, the office of energy  
14 resources shall set an annual target for the following program of 8MW (eight megawatts).

15 (b) By October 15, 2012 and each year following until October 15, 2015, the office of  
16 energy resources shall set the annual target for the following program year of 8MW (eight  
17 megawatts):

18 (1) Adjusted downward by any amount of renewable energy credits contracted that  
19 exceeded the previous program year annual targets; and

20 (2) Adjusted upward in an amount equal to:  
21 (i) Any short falls in meeting the previous program year annual target; and  
22 (ii) The number of contracted renewable energy credits voided in the previous year  
23 pursuant to the provisions of this section.

24 (c) The commission shall issue regulations to specify a standard form of contract by  
25 October 15, 2011. The standard contract shall:

26 (1) Hold the distributed generation facility owner liable for the cost of interconnection  
27 from the distributed generation facility to the interconnect point with the distribution system, and  
28 for any upgrades to the existing distributed generation system that may be required by the electric  
29 distribution company. However, a distributed energy facility owner may appeal to the public  
30 utilities commission to reduce any required system upgrade costs to the extent such upgrades can  
31 be shown to benefit other customers of the electric distribution company.

32 (2) Require the distributed energy facility owner to make a performance guarantee  
33 deposit to the electric distribution company of fifteen dollars (\$15.00) for every renewable energy  
34 credit estimated to be generated per year under the contract, with a credit of any fees paid to the

1 electric distribution company related to the development of the project, including, but not limited  
2 to, engineering fees and interconnection fees, but not more than seventy-five thousand dollars  
3 (\$75,000) paid at the time of contract execution.

4 (3) Require the electric distribution company to refund the performance guarantee  
5 deposit on a pro-rated basis of renewable energy credits actually delivered by the distributed  
6 generation facility over the course of the first year of the project's operation, paid quarterly;

7 (4) Require that if the distributed generation facility has not generated renewable energy  
8 credits eighteen (18) months after execution of the contract, the contract is automatically voided  
9 and the security guarantee is forfeited unless the owner of the distributed generation facility  
10 makes an additional performance guarantee of one hundred fifty dollars (\$150) for every one  
11 thousand dollars (\$1000) of renewable energy credits estimated to be generated per year, under  
12 the contract. Any forfeited performance guarantee deposits shall be treated as a savings to  
13 ratepayers and credited accordingly.

14 (5) Require that the price paid by the electric distribution company for renewable energy  
15 credits shall be the standard price in effect for the appropriate class at the time the contract is  
16 executed. The standard contract shall specify that the distributed generation facility be paid for  
17 only renewable energy credits actually generated and accounted for in the GIS, and delivered to  
18 the GIS account of the electric distribution company. Payments shall be made quarterly, based on  
19 the amount of renewable energy credits received by the electric distribution company.

20 (6) Require that an electric meter which conforms with standard industry norms be  
21 installed to measure the electrical energy output of the distributed generation facility, and require  
22 a system or procedure by which the distributed generation facility owner shall demonstrate  
23 creation of renewable energy credits, in a manner recognized and accounted for by the GIS; such  
24 demonstration of renewable energy credit creation to be at the distributed generation facility  
25 owner's expense. The electric distribution company may, at its discretion, offer to provide such a  
26 renewable energy credit measurement and accounting system or procedure to the distributed  
27 generation facility owner, and the distributed generation facility owner may, at its discretion, use  
28 the electric distribution company's program, or use that of an independent third party, approved  
29 by office of energy resources, and the costs of such measurement and accounting are paid for by  
30 the distributed generation facility owner.

31 (7) Require the distributed generation facility owner to specify an estimated number of  
32 renewable energy credits generated in any consecutive twelve (12) month period. The electric  
33 distribution company may refuse to purchase any renewable energy credits generated that exceed  
34 the twelve (12) month estimate by twenty percent (20%). The electric distribution company may

1 cancel or void a contract if the distributed energy facility fails to deliver at least seventy-five  
2 percent (75%) of the twelve (12) month estimate for more than twenty-four (24) consecutive  
3 months, on average.

4 (d) By January 1, 2012, and by January 1 of each following year ending on January 1,  
5 2016, the office of energy resources shall issue regulations for the program year standard contract  
6 terms and prices for different renewable energy classes with the goal of meeting the annual target  
7 for the program year.

8 (1) Class specification shall indicate a particular type of renewable energy generation  
9 technology and project or facility size, as measured by either nameplate capacity expressed in  
10 megawatts (MW), or estimated annual generation expressed in megawatt-hours (MWh) per year.

11 (2) For the program year ending December 31, 2012, at least four (4) technology and size  
12 classes and at least two (2) shall be for solar generation technology, and at least one shall be for  
13 wind.

14 (3) The office of energy resources shall maintain at least two (2), but no more than five  
15 (5), technology and size classes at all times.

16 (4) The office of energy resources may add, eliminate, or adjust the technology and size  
17 classes once every twelve (12) months thereafter with regulations set and public notice given at  
18 least three (3) months previous to any technology class change is effective.

19 (e) By January 1, 2012 and by January 1 of each following year ending on January 1,  
20 2016, the office of energy resources shall set class targets for each class established. Class targets  
21 are the amount of renewable energy credits to be purchased through new standard contracts  
22 entered into during a three (3) month period. The sum of all of the class targets shall equal the  
23 annual distributed generation target. The office of energy resources may adjust class targets once  
24 every twelve (12) months thereafter with regulations set and public notice given at least three (3)  
25 months previous to any technology class change is effective.

26 (f) By January 1, 2012, and by January 1 of each following year ending on January 1,  
27 2016, the office of energy resources shall specify a standard price for each class for the purpose  
28 of using the market's volume response to price to meet the annual target.

29 (1) If a class target for a current six (6) month period is met, then the office of energy  
30 resources shall reduce the standard price by at least ten percent (10%), but not more than twenty  
31 percent (20%).

32 (2) If the class target for a current six (6) month period is not met, the office of energy  
33 resources shall raise the standard price at least five percent (5%), but not more than fifteen  
34 percent (15%).

1           (g) Beginning in January 1, 2012, an electric distribution company shall, on a first-come,  
2 first-served basis, enter into standard contracts at the applicable standard price with any  
3 distributed generation facility which meets the requirements of the regulations, and meets the  
4 criteria of a class in effect, until the class target is met.

5           (h) Should an electric distribution company determine that it has entered into sufficient  
6 standard contracts to achieve a class target, it shall immediately report this to the office of energy  
7 resources and the commission, and cease entering into standard contracts for that class for the  
8 remainder of the six (6) month period for which a standard price is in effect. An electric  
9 distribution company may exceed the class target only if the last contract entered into may cause  
10 the total purchased to in fact exceed the target.

11           (i) Electric distribution companies shall make monthly reports to the office of energy  
12 resources, the renewable energy coordinating board and the commission as to the amount of  
13 renewable energy credits contracted to purchase in standard long-term contracts described in this  
14 section.

15           (j) Each quarter, the electric distribution company shall provide an accounting to the  
16 office of energy resources, the renewable energy coordinating board, and the commission:

17           (1) Of the amount of any and all costs or savings resulting from energy being placed on  
18 the distribution system by the distributed generation facilities during the previous quarter, any  
19 other costs or savings to ratepayers resulting from distributed generation capacity installed in the  
20 state.

21           (2) Of the total amount paid to distributed generation facilities per standard contracts  
22 during the previous quarter.

23           (k) Each year, the commission shall determine a reasonable fee to be paid to the electric  
24 distribution company for the cost of administering the program, such fee to be comparable to  
25 commercial rates for administering a bookkeeping program, and in any case not to exceed one  
26 hundred and ten percent (110%) of the electric distribution company's actual expenses, as  
27 demonstrated to the public utilities commission in evidentiary hearings.

28           (l) Each quarter the electric distribution company shall determine the net cost or savings  
29 to ratepayers from the distributed generation standard contract program during the previous  
30 quarter, as determined by the savings and revenues, less the expenses, described in the previous  
31 paragraphs.

32           (m) No less than sixty (60) days prior to the end of a program year, the electric  
33 distribution company shall submit preliminary reports to the office of energy resources, the  
34 renewable energy coordinating board, and the commission indicating the number of standard

1 contracts entered to date, and the total estimated annual generation, price, class, and any other  
2 information of the office of energy resources, the renewable energy coordination board, or the  
3 commission may request for the purposes of better specifying classes, targets, or standard prices  
4 so as to achieve the purposes set forth in this chapter.

5 (n) Renewable energy certificates purchased through this program by an electric  
6 distribution company may not be used by any entity to comply with other regulations or to  
7 generate revenue; instead, renewable energy credits purchased by this program shall be retired via  
8 the GIS system.

9 (o) The electric distribution company shall file tariffs with the commission for  
10 commission review and approval of the net costs or savings from the distributed generation  
11 standard contract program. The costs or savings shall be credited or charged to all distribution  
12 customers through a uniform fully reconciling annual factor in distribution rates, subject to  
13 review and approval of the commission. The reconciliation shall be designed so the customers are  
14 credited with any net saving resulting from the distributed generation standard contract program  
15 and the electric distribution company recovers all costs incurred under the distributed generation  
16 standard contract program.

17 **39-26.2-5. Interaction with other policies. -- Renewable energy credits acquired**  
18 **through standard contracts may be settled by electric distribution companies for the purpose of**  
19 **compliance with the renewable energy standard under chapter 26 of title 39, and for the purpose**  
20 **of compliance with the long-term contracting standard for renewable energy under chapter 39-**  
21 **26.1, the total megawatts of long-term contracts for renewable energy credits will be applied to**  
22 **the minimum long-term contract capacity.**

23 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 - DISTRIBUTED GENERATION  
STANDARD CONTRACTS

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- 1 This act would establish procedures to determine the terms of Distributed Generation
- 2 Standard contracts that would establish the price to be paid for renewable energy credits.
- 3 This act would take effect upon passage.

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