



1 (g) The New England Governors and Eastern Canadian Premiers have pledged to reduce  
2 greenhouse gas emission across the region to 1990 levels by 2010, and Rhode Island has been  
3 developing a greenhouse gas action plan that includes a renewable energy standard;

4 (h) The increased use of renewable energy would present opportunities for Rhode Island  
5 businesses that could lead to job creation and stimulate the state's economy;

6 (i) A renewable energy standard is a market-oriented policy for accelerating the  
7 introduction of renewable energy sources into the deregulated electric sector;

8 (j) In a deregulated electric market such as Rhode Islands, consumers are in need of  
9 information as to the generation sources of their electricity so that they may make informed  
10 decisions in choosing electricity suppliers;

11 (k) Therefore, it is necessary to establish renewable energy portfolio standards and  
12 energy source disclosure requirements.

13 **39-26-2. Renewable energy portfolio standard. – The public utilities commission is**  
14 **directed to develop and enforce by June 1, 2005, renewable energy portfolio standard regulations**  
15 **that shall apply to all electric suppliers in the state, including the supplier of standard offer and**  
16 **last resort services. These regulations shall:**

17 (a) Require that at least one percent (1%) of the electricity provided by any electricity  
18 supplier, and any given electric energy product or program offered by an electricity supplier, be  
19 generated using eligible renewable energy sources during the year ending December 31, 2006.  
20 These regulations shall further require that each year thereafter, an additional one and one-half  
21 percent (1.5%) of the electricity provided by any electricity supplier, and any given electric  
22 energy product or program offered by an electricity supplier shall come from eligible renewable  
23 energy sources until December 31, 2016, and that by December 31 of each year thereafter an  
24 additionalone percent (1%) of the electricity provided by any electricity supplier, and any given  
25 electric energy product or program offered by an electricity supplier, be generated using eligible  
26 renewable energy sources.

27 (b) Define as eligible renewable generation sources those generation facilities whose  
28 energy or energy attributes trading, or transmission transactions, are managed by or through the  
29 independent system operator of New England or the New England power pool, or its successors,  
30 and that generate electricity from:

31 (1) the direct radiation of the sun;

32 (2) the wind;

33 (3) hydroelectric facilities that have achieved certification by the low impact hydro  
34 institute, and continue to maintain such certification so long as the certification program is in

1 effect;

2 (4) the direct use of the latent heat of the earth or oceans;

3 (5) waste wood (including construction debris that does not contain any painted, treated,  
4 or pressurized wood); agricultural crops, waste or by-products including plant oils; animal and  
5 other organic waste; digester gas; and landfill gas; so long as:

6 (A) in the case of landfill gas, the generator supplies evidence, which may include  
7 information provided through the generation information system, to the public utilities  
8 commission that the average weighted NOx emissions from the facility does not exceed three and  
9 one-half (3.5) pounds per MWh generated and that the gases used in generation would otherwise  
10 be vented from a landfill in the normal course of landfill operations.

11 (B) In the case of other sources described in this paragraph besides landfill gas, that the  
12 generator provide evidence, which may include information provided through the generation  
13 information system, to the public utilities commission that the average weighted NOx emissions  
14 from the facility does not exceed two and one-half (2.5) pounds per MWh generated.

15 (6) the movement of waters with an average annual salinity of twenty (20) parts per  
16 thousand or greater, so long as this does not necessitate the construction of new artificial bays,  
17 new jetties, or other impediments to the general flow of these waters;

18 (7) hydrogen resulting from electrolysis that was powered by any of the above sources.

19 (c) Utilize the generation information system, as implemented by the New England  
20 power pool (NEPOOL) and independent system operator of New England (ISO-NE), or its  
21 successor(s). The creation, purchase, transfer and retirement of tradable renewable energy  
22 certificates utilized by this system, in proportions required herein, shall be the means for  
23 verification, compliance and penalties determinations. For the purpose of determining compliance  
24 with the renewable energy portfolio standard, transactions using tradable renewable energy  
25 certificates shall be considered independently of any energy purchases or contracts. As such,  
26 compliance with the renewable energy portfolio standard shall be required regardless of any other  
27 contracts or obligations held by electricity suppliers at the time this law is enacted. Electricity  
28 suppliers shall demonstrate compliance by obtaining and retiring tradable renewable energy  
29 certificates created by eligible renewable generation sources during the year in question in  
30 amounts necessary to meet the annual renewable energy percentage requirements defined herein.  
31 In so far as the generation information system accounts for generation and settles certificate  
32 transactions at a date later than the time of actual generation, so may the regulations allow for  
33 compliance to be demonstrated at a similarly delayed date. Tradable renewable energy certificates  
34 obtained by one supplier, and/or as part of any given product or program of a supplier, in excess

1 of the renewable energy portfolio standard requirements may not be applied towards fulfilling the  
2 renewable energy portfolio standard requirements of any other supplier, product, program or year.

3 (d) Allow for any electricity supplier to present evidence to the public utilities  
4 commission that complying with the renewable energy portfolio standard will, for any given  
5 supplier, product, or program, unavoidably increase the retail price of electricity supplied by more  
6 than one percent (1%) on average in any given year. Should the public utilities commission  
7 concur that the renewable energy portfolio standard will unavoidably increase the cost of  
8 electricity supplied by more than one percent (1%) in any year, the public utilities commission  
9 shall direct the supplier presenting such evidence to purchase as many tradable renewable energy  
10 certificates from eligible renewable sources as the public utilities commission deems possible  
11 such that the price of electricity supplied by that supplier, product, or program does not increase  
12 by more than one percent (1%) in that year. In hearing requests for exemptions under this section,  
13 the public utilities commission shall ensure that the electricity supplier acted in a prudent fashion  
14 for the purposes of meeting the renewable portfolio standard requirements. Prudence in meeting  
15 obligations of the renewable energy portfolio standard shall include the use of long-term  
16 contracts, whenever feasible. Should the public utilities commission find that an electricity  
17 supplier requires an exemption under this section because of imprudent practices by the  
18 electricity supplier, the public utilities commission may also impose penalties on the electricity  
19 supplier, in accordance with subsection (f) herein.

20 (e) Include special regulations to apply specifically and only to electricity suppliers  
21 operating on Block Island. These regulations shall:

22 (1) treat any electricity generated from internal combustion engines, turbines, or fuel cells  
23 as being in compliance with the renewable energy portfolio standard so long as the fuel used to  
24 generate said electricity includes a portion of gas or oil defined as eligible in section (b)(5) herein  
25 that is equal to the percentage requirements for the renewable energy portfolio standard for the  
26 year in question, and so long as the electricity supplier provides an independently verifiable  
27 means for demonstrating compliance with this requirement that is approved by the public utilities  
28 commission.

29 (2) allow eligible sources of generation as defined herein, but operating on a customer's  
30 side of the meter, to be applied towards the requirements of the renewable energy portfolio  
31 standard for the electricity supplier, so long as:

32 (A) the utility provides an independently verifiable means for accounting for  
33 contributions from such sources that is approved by the public utilities commission;

34 (B) the utility provides service to the customer on a reverse or net metering basis, in

1 which the customer receives credit for the full retail price of electricity for any generation from  
2 their facility, including electricity that is in excess of their own consumption at any one time;

3 (C) customers sign a written agreement with the utility, so as to ensure that customers  
4 understand the terms under which they are ceding their rights to the attributes of the electricity  
5 they generated.

6 (3) Allow for electricity suppliers operating on Block Island to make use of the same  
7 compliance mechanism described herein, but with predetermined variations in implementation  
8 and documentation to facilitate proof of compliance that the public utilities commission may find  
9 warranted.

10 (4) Require that should Block Island ever become a member of the New England power  
11 pool (NEPOOL), independent system operator of New England (ISO-NE), or its successor(s), all  
12 special regulations for Block Island will be nullified, and any utilities operating on Block Island  
13 shall then comply with the same regulations applied to mainland utilities.

14 (f) Include automatic fiscal penalties for noncompliance with the regulations, which at a  
15 minimum exceed the estimated costs of complying with the regulations by two hundred percent  
16 (200%), as determined by the public utilities commission, based on the price of tradable  
17 renewable energy certificates, as defined herein. In addition to fiscal penalties, noncomplying  
18 entities shall be required to submit a renewable energy portfolio standard compliance plan, to  
19 demonstrate that prudent measures will be taken to ensure future compliance with the regulations.  
20 In the case of investor owned utilities, these penalties may not be recovered by electric rate  
21 increases or reductions in services to ratepayers. Funds generated by these penalties shall be  
22 deposited to the renewable energy programs fund, administered by the state energy office, as  
23 defined in Rhode Island general laws section 39-2-1.2(b). Funds so deposited shall be used by the  
24 state energy office to purchase and retire tradable renewable energy certificates, as defined  
25 herein. This purchase of tradable renewable energy certificates shall be on a competitive bid  
26 process, and may be delayed up to two (2) years from the date of receipt of the funds, at the  
27 discretion of the state energy office, for the purpose of improving the prospects of favorable bids.

28 **39-26-3. Energy source disclosure requirements.** – The public utilities commission  
29 shall, by December 31, 2004, establish and enforce right-to-know regulations requiring any  
30 electricity supplier, including the supplier of last resort and standard offer services, to disclose to  
31 their customers the sources of energy used to generate the electricity supplied. These regulations  
32 shall:

33 (a) Require that the energy source disclosures be expressed as a percentage of the total  
34 amount of electricity provided by the supplier, or particular program or product to which the

1 customer may be enrolled, in any twelve (12) month period within sixteen (16) months of the  
2 time of disclosure.

3 (b) Require that energy source disclosures be distributed to consumers as follows:  
4 (1) on a monthly basis if it is included with or as part of a monthly bill or invoice; or  
5 (2) on a quarterly basis if the disclosure is mailed separately from a bill or invoice, with  
6 the words “energy source disclosure” and the electricity provider’s name and logo clearly printed  
7 on the outside, front of the envelope in which the disclosure is mailed.

8 (c) Require that the energy source disclosure show the percentages of energy obtained  
9 from each of the seven (7) eligible renewable energy sources defined in this chapter, as well as  
10 the percentage energy obtained from nuclear plants, natural gas, oil (which may include any fossil  
11 oil), hydroelectric plants not deemed eligible in this chapter, coal, and any other sources that the  
12 public utilities commission may require to be included.

13 (d) In so far as efficiently possible, utilize the same mechanisms for accounting and  
14 compliance required in this chapter, so as to minimize the efforts required by suppliers to comply  
15 with both the renewable energy portfolio standard and the energy source disclosure requirements.

16 (e) The disclosure presented to any particular customer shall take into consideration and  
17 account for voluntary purchases of renewable energy or renewable energy attributes by that  
18 customer, including purchases made by the customer from providers other than the energy  
19 supplier.

20 **39-26-4. Severability.** – If any provision of this chapter or its application to any person  
21 or circumstances is held invalid, the invalidity does not affect other provisions or applications of  
22 this chapter which can be given effect without the invalid provision or application, and to this end  
23 the provisions of this chapter are severable. The provisions of this chapter shall be liberally  
24 construed to give effect to the purposes thereof.

25 SECTION 2. This act shall take effect upon passage.

=====  
LC00091  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO PUBLIC UTILITIES AND CARRIERS -- RENEWABLE ENERGY  
STANDARD

\*\*\*

1           This act would establish renewable energy portfolio standards and energy source  
2 disclosure requirements by requiring the public utilities commission to adopt regulations  
3 specifically relating thereto.

4           This act would take effect upon passage.

=====  
LC00091  
=====

