

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

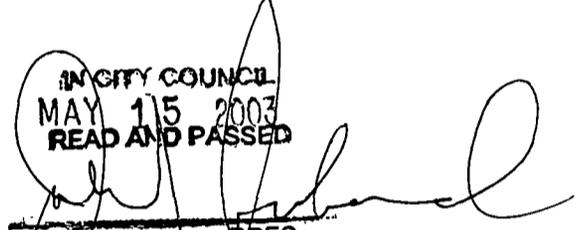
No. 415

Approved May 27, 2003

RECEIVED
CITY CLERK
MAY 27 2003

RESOLVED, That the Members of the Providence City Council hereby Endorse and Urge Passage by the General Assembly of Senate Bill 2003-S 0268, Relative to An Act Relating to Public Utilities and Carriers-Renewable Energy Standard.

IN CITY COUNCIL
MAY 15 2003
READ AND PASSED



PRES.



CLERK

APPROVED



MAYOR 5/27/03

IN CITY COUNCIL
APR 22 2003

FIRST READING
REFERRED TO COMMITTEE ON
STATE LEGISLATION

Michael R. Christ CLERK

THE COMMITTEE ON

State Legislation
Recommendation Be Approved
Carrie Beston
4/30/03 CLERK

Councilman Legal (By Request)

LC00974

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2003

A N A C T

**RELATING TO PUBLIC UTILITIES AND CARRIERS -- RENEWABLE ENERGY
STANDARD**

Introduced By: Senators Bates, Celona, Sosnowski, Paiva-Weed, and Lenihan

Date Introduced: February 05, 2003

Referred To: Senate Environment & Agriculture

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 39 of the General Laws entitled "Public Utilities and Carriers" is
2 hereby amended by adding thereto the following chapter:

3 CHAPTER 26

4 RENEWABLE ENERGY STANDARD

5 **39-26-1. Legislative findings.** --The legislature finds that:

6 (a) Ozone resulting from the burning of fossil fuels continues to impact our health, and
7 that from 1999-2002 there were sixty-three (63) days when ozone levels were so high that
8 breathing the air was hazardous to the health of Rhode Islanders;

9 (b) The particulates from burning fossil fuels causes one thousand six hundred sixty
10 (1,660) asthma attacks and eighty-eight (88) deaths in Rhode Island each year;

11 (c) Fossil fuel prices are extremely variable, and create economic hardships for
12 employers and families, and that increased use of renewable energy can both lower and stabilize
13 energy costs;

14 (d) Our nation's continued reliance on energy from distant sources is a threat to our
15 economic and political security;

16 (e) Electricity generation using fossil fuels is the leading cause of global warming;

17 (f) Global warming threatens the lives and property of Rhode Islanders due to rising sea
18 levels, more frequent and intense storms, and increased prevalence of disease;

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, 2004, 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, 2005.
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, 2015, and that by December 31 of each year thereafter an
24 additional one 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, 2003, 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.

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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.

LC00974