



Climate Change Statutes

STATE OF RHODE ISLAND

This project was undertaken in partnership with the USDA Office of the Chief Economist, The Office of Energy Policy and New Uses. For information on the full project, visit [Climate Change Statutes](#).

Current through the 2009 Legislative Session of the Rhode Island General Assembly.

§ 23-82-1. Short title

This chapter shall be known and may be cited as the "Implementation of the Regional Greenhouse Gas Initiative Act."

§ 23-82-2. Legislative findings

It is hereby found and declared by the general assembly as follows:

- (1) Scientific findings indicate that the increase in greenhouse gas emissions, including carbon dioxide, is accelerating the natural greenhouse effect resulting in changes in the Earth's climate;
- (2) Climate changes pose serious health risks to humans, as well as danger to ecosystems worldwide;
- (3) This act creates a strong incentive for the creation, development, and deployment of more efficient technologies and processes, energy efficiency and renewable energy supplies which will lead to less dependence on the import of fossil fuels.
- (4) Rhode Island's implementation of the Regional Greenhouse Gas Initiative, (hereinafter referred to as "RGGI"), should be managed to maximize the state's contribution to lowering carbon emissions while minimizing impacts on electric system reliability and costs to Rhode Island power consumers over the long term. Adoption and use of cost-effective energy-efficient products and programs and the strategic use of low and zero carbon generation are the best means to achieve these goals.
- (5) It is the intent of the general assembly in enacting this chapter that the state of Rhode Island shall fulfill the mutual understandings and commitments of the regional greenhouse gas initiative so that the state may fully participate in that initiative and all sales or auctions and other proceedings as may be established under that initiative.

§ 23-82-3. Definitions

As used in this chapter:

- (1) "Allowance" means an authorization to emit a fixed amount of carbon dioxide;
- (2) "Department" means department of environmental management;

(3) "Regional greenhouse gas initiative" or "RGGI" means the memorandum of understanding (MOU) dated December 20, 2005, as may be amended, and corresponding model rule, as may be amended, that establishes an electric power sector carbon emissions cap and trade program.

(4) "Office" means the office of energy resources; and

(5) "Council" means the energy efficiency and resources management council.

§ 23-82-4. Regional greenhouse gas initiative implementation

(a) The department shall, in consultation with the public utilities commission, the office and the council, through rules and regulations, establish the state's rules for participation in RGGI.

(b) The department's rules and regulations for participation in a carbon cap and trade program shall be designed to meet the mutual understandings and commitments for participation in RGGI, and permit the holders of carbon allowances to trade them in a regional market to be established through the RGGI.

(c) The department's rules and regulations shall ensure that the carbon allowances under this program and the revenues associated with their sale are used exclusively for the purposes contained in this legislation.

(d) The responsibilities created by implementing RGGI shall be in addition to all other responsibilities imposed by any other general or special law or rule or regulation and shall not diminish or reduce any power or authority of the department, including the authority to adopt standards and regulations necessary for the state to join and fully participate in any multi-state program, at any stage in the development and implementation of such a program, intended to control emissions of carbon dioxide and/or other substances that are determined by the department to be damaging and/or altering the climate.

§ 23-82-5. Sale of allowances

(a) The department shall provide in its regulations that one hundred percent (100%) of all allowances issued under the program in the state of Rhode Island shall be sold. A de minimus portion of allowances may be set aside to support the voluntary renewable energy provisions of the regional greenhouse gas initiative model rule.

(b) The department's regulations shall specify the mechanism for sale of allowances, including authorizing the state to make use of any voluntary regional organizations, structures or mechanisms available to states implementing a program of this type, provided that any sale of allowances must be public, competitive and open to all who wish to participate.

(c) The department may engage an independent contractor, consumer trustee or other entity experienced in sale or auction design and management, including a regional entity engaged by multiple states to conduct regional sales or auctions, who is determined by the department, in consultation with the office, to be qualified to conduct auctions or sales in a manner that assures the efficiency of the auctions or sales. The selection of any independent contractor, consumer trustee or other entity shall be done in accordance with applicable procedures of the division of purchases.

(d) The department shall annually convey one hundred percent (100%) of all carbon allowances established pursuant to this section to the selected independent contractor, consumer trustee or other entity who shall be authorized to receive, hold and sell allowances for the long-term benefit of consumers. The selected independent contractor, consumer trustee or other entity shall conduct the auction or sale, collect the auction proceeds and shall upon receipt, transfer to the office the proceeds

of the auction or sale to be distributed in accordance with § 23-82-6, under the oversight of the department.

(e) The department shall require an annual report from the independent contractor, consumer trustee or other entity conducting the auction or sale describing the auction or sale and its results. The report shall be made public and shall also be submitted to the general assembly.

(f) All proceeds collected from the auction or sale of allowances pursuant to this section shall be deposited as restricted receipts.

§ 23-82-6. Use of auction or sale proceeds

(a) The proceeds from the auction or sale of the allowances shall be used for the benefit of energy consumers through investment in the most cost-effective available projects that can reduce long-term consumer energy demands and costs. Such proceeds may be used only for the following purposes, in a proportion to be determined annually by the office in consultation with the council and the department:

- (1) promotion cost-effective energy efficiency and conservation;
- (2) promotion of cost-effective renewable non-carbon emitting energy technologies as defined in Rhode Island general law § 39-26-5;
- (3) cost-effective direct rate relief for consumers;
- (4) direct rate relief for low-income consumers;
- (5) reasonable compensation to an entity selected to administer the auction or sale; and
- (6) reasonable costs of the department and office in administering this program, which shall not in any year exceed three hundred thousand dollars (\$300,000) or five percent (5%) of the proceeds from sale or auction of the allowances, whichever is less.

(b) Any interest earned on the funds so generated must be credited to the fund. Funds not spent in any fiscal year shall remain in the fund to be used for future energy efficiency and carbon reduction programs.

(c) Annually, the office, in consultation with the department and the council, shall prepare a draft proposal on how the proceeds from the allowances shall be allocated. The draft proposal shall be designed to augment and coordinate with existing energy efficiency and renewable energy low-income programs, and shall not propose use of auction proceeds for projects already funded under other programs. The proposal for allocation of proceeds in subsections 23-82-6(1)(2) and (3) shall be one that best achieves the purposes of the law, namely, lowering carbon emissions and minimizing costs to consumers over the long term. The office shall hold a public hearing and accept public comment on the draft proposal in accordance with chapter 42-35 (the "Administrative Procedure Act"). Once the proposal is final, the department shall authorize the disbursement of funds in accordance with the final plan.

(d) The office shall prepare, in consultation with the department and the council, a report by January 1st of each year describing the implementation and operation of RGGI, the revenues collected and the expenditures made under this section, the statewide energy efficiency and carbon reduction programs, and any recommendations for changes to law relating to the state's energy conservation or carbon reduction efforts. The report shall be made public and shall also be submitted to the general assembly.

§ 23-82-7. Exemption from taxation

Notwithstanding any provisions of the general or public laws or regulation to the contrary, the division of taxation shall grant a permanent exemption from any and all applicable charges or assessments made against the proceeds from the auction of allowances pursuant to this chapter.