

**CLF Position on Governor Chafee's  
Energy Reform Act of 2013 (S-901)**

Governor Lincoln Chafee's Energy Reform Act of 2013, S-901, (the Bill) addresses two major areas: Canadian Hydropower and the Distributed Generation Statute. CLF's position addresses each area separately.

Canadian Hydropower

1. CLF strongly believes that any plan for Rhode Island to purchase Canadian hydropower must, at a minimum, satisfy two criteria: (a) there must be no Renewable Energy Credits (RECs) for Canadian hydropower; and (b) procurement must be through open, competitive bidding. CLF recognizes, and appreciates, that the Bill satisfies both of these criteria. CLF is especially pleased that the Bill, unlike pending proposals elsewhere, does not propose to allow large Canadian hydropower to be eligible for RECs.
2. Although CLF commends the Governor for not providing RECs for large Canadian hydropower, the Bill does change the definition of "eligible renewable energy resources" in the 2004 Renewable Energy Standard (Chapter 26 of Title 39 of the General Laws). [Bill, page 2, lines 10-11, and 17-21; page 3, lines 32-33; and page 6, line 27.] CLF has always opposed changing eligibility standards under the RES (in part because this could open the door to other undesirable changes), and CLF opposes doing so in this case. CLF also opposes the proposed retroactive change of dates for RES (REC) eligibility; if approved this retroactive change would undermine the market stability that renewable-project developers need to secure funding for their projects. [Bill, page 2, lines 9-11 and 30-31.] No state has ever retroactively changed eligibility dates for RECs.
3. CLF opposes the Bill's use of Rhode Island's Long-Term Contracting Statute (the LTC Statute, Chapter 26.1 of Title 39 of the General Laws) in order to procure Canadian hydropower. [Bill, page 7, lines 19-32; page 9, lines 19-22 and 26-27.] The underlying public-policy objective of the LTC Statute is to facilitate development of new renewable energy resources that would not and could not have been built but for the LTC Statute. Canadian hydropower is being developed anyway. The LTC Statute should not be used to procure Canadian hydropower.
4. There is, in fact, no existing statute, rule, or regulation preventing Rhode Island (or the Rhode Island utility) from contracting to purchase Canadian hydropower now. If Rhode Island has not already done so, it is because Canadian hydropower is either uneconomic or because there is no transmission available (or for both reasons). The Bill should not be used as a back-door method of funding new transmission projects, such as the controversial Northern Pass transmission line.

## Distributed Generation

CLF was deeply involved in drafting, and obtaining passage of, the Distributed Generation Standard Contracts Statute (DG Statute, Chapter 26.2 of Title 39). The DG Statute has been a huge success for renewable energy. It has gotten many DG projects enrolled and funded, and it has been a model for renewable energy activists in other parts of the country. The Bill triples the size of the DG program under the DG Statute, and extends the program four additional years, from 2014 to 2018. [Bill, page 19, line 33 to page 20, line 5; page 20, lines 19-27.] CLF enthusiastically supports the expansion of the DG program, and strongly commends Governor Chafee for recognizing both the environmental and economic-development benefits of the program.

## Summing Up

CLF recognizes that, under certain circumstances, procurement of Canadian hydropower could be an environmentally friendly and cost-effective way to procure electricity. In proper circumstances, Canadian hydropower could provide reliable baseload generation to supplement variable-output (intermittent) renewables such as wind and solar. In addition, CLF agrees with Governor Chafee that Canadian hydropower should not be eligible for RECs, and should not be used as an RES compliance tool. But CLF has always opposed changing the definition of “eligible renewable energy resources” under the 2004 RES Statute, and CLF opposes this proposed change in the RES to accommodate Canadian hydropower. Further, CLF opposes using the 2009 LTC Statute to procure Canadian hydropower at the expense of (currently) RES-eligible resources; the LTC Statute is designed to benefit renewable energy projects that would otherwise not be built. Although there are some highly commendable provisions in the Bill concerning Canadian hydropower, the fundamental premises are deeply flawed. Accordingly, CLF urges defeat of the hydropower sections of the Bill.

CLF enthusiastically supports the expansion of the DG program in the Bill, and urges the General Assembly to pass that portion of the Bill promptly.