

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

**2013 RULES AND REGULATIONS FOR THE RENEWABLE ENERGY DEVELOPMENT
FUND PROGRAMS**

1.0 Authority

These Rules and Regulations are promulgated and adopted pursuant to the requirements and provisions in accordance with RIGL §42-64-13.2; RIGL §39-2-1.2; and RIGL §39-26-7.

2.0 Purpose, Scope and Applicability

The purpose and scope of the Renewable Energy Development Fund as set forth in RIGL chapter 42-64 are as follows:

- (a) To develop an integrated organizational structure to secure for the State of Rhode Island and its people the full benefits of cost-effective renewable energy development from diverse sources.
- (b) The [Rhode Island Economic Development] Corporation shall, in the furtherance of its responsibilities to promote and encourage economic development, establish and administer a Renewable Energy Development Fund as provided for in RIGL 39-26-7, may exercise the powers set forth in this chapter, as necessary or convenient to accomplish this purpose, and shall provide such administrative support as may be needed for the coordinated administration of the renewable energy standard as provided for in chapter 39-26 and the renewable energy program established by RIGL 39-2-1.2. The Corporation may upon the request of any person undertaking a renewable energy facility project, grant project status to the project, and a renewable energy facility project, which is given project status by the Corporation, shall be deemed an energy project of the Corporation.
- (c) The Corporation seeks to fulfill its legal obligations by implementing programs in 3 areas as part of the Renewable Energy Fund:
 - (1) Small-scale solar
 - (2) Commercial Development
 - (3) Pre-development Feasibility Studies

(d) The Corporation has the ability to fund projects consistent with its legal authority as defined in Section 1.0 hereof. No award shall be greater than the maximum cap amount stated in these Rules and Regulations.

3.0 Key Definitions

For the purposes of these regulations, the following terms shall have the following meanings:

- 3.1 “**Affordable Housing**” means any affordable housing or low and moderate income housing as defined in RIGL Title 42, Chapter 128, or Title 45, Chapter 53, or such other superseding statutes as may be implemented by the State of Rhode Island from time to time.
- 3.2 “**Early Stage Commercialization**” means an innovative renewable energy technology or innovative business model with the ability to transform the renewable energy business sector.
- 3.3 “**Emerging Technology**” means new technologies in renewable energy that will develop within the next two (2) – five (5) years which have the ability to transform the renewable energy business sector.
- 3.4 “**Grouped Projects**” shall mean multiple individually sited solar projects submitted in one application to the RIEDC Renewable Energy Fund.
- 3.5 “**Innovative Business Model**” means a business structure with the ability to help commercialize an emerging or existing renewable energy technology.
- 3.6 “**One-line electrical drawing**” means a diagram showing the number of photovoltaic panels with voltage and kilowatt output, all disconnects, all combiners, all inverters with input and output ratings, the size of the main electrical panel bussing in amperes, the size of the main service disconnect, the size of the PV circuit breaker in amperes, size and type of all raceways and the size and type of all conductors.

3.7 **“Pre-development Feasibility Study”** means the completion of project tasks prior to construction of a renewable energy project. These tasks shall not include initial feasibility assessments. Pre-development activities occur after a project is deemed worthy of development and before construction takes place. Examples of Pre-development Activities include but are not limited to:

- (a) Local and State Permitting.
- (b) Structural and Electrical Engineering.
- (c) National Grid Interconnection Studies.
- (d) National Grid Impact Studies.
- (e) Detailed Financial Analyses.
- (f) RFP Preparations.

3.8 **“Recoverable Grant”** means a grant subject to repayment with no interest.

3.9 **“Renewable Energy Fund”** and **“REF”** means the Renewable Energy Development Fund.

3.10 **“RIEDC”** and **“Corporation”** means the Rhode Island Economic Development Corporation.

3.11 **“RIEDC Board of Directors”** means the body in which RIEDC's power to make decisions is vested.

3.12 **“RIEDC Renewable Energy Fund Advisory Board”** means the body, as appointed by the Director or “Acting Director” of the Renewable Energy Fund, that may make recommendations regarding a project to be voted on by the RIEDC Board of Directors. The RIEDC Renewable Energy Fund Advisory Board shall consist of no fewer than:

- (a) Two (2) employees of the RI Office of Energy Resources.
- (b) One (1) EDC Staff person from the Renewable Energy Fund.
- (c) One (1) EDC Staff person from Financial Services.
- (d) The Director of the Science and Technology Advisory Council (STAC) or her designated appointee.

3.13 “**RIGL**” means State of Rhode Island General Laws.

3.14 “**ROI**” means Return on Investment.

3.15 “**Shade-analysis**” means a table showing monthly obstruction data, and four (4) photos from a Solar Pathfinder or Solmetric Suneye, taken from all four (4) corners of the array. Printouts from the Pathfinder Assistant or Solmetric SunEye are also acceptable provided that all four (4) corners of the array are accounted for. For discontinuous or multiple arrays, please include the required four (4) readings for each location. For safety reasons, if there is no shading on the two lower corners and the north facing photo shows no shading, the need to take photos from the two top corners is not required.

4.0 Funding

In accordance with Rhode Island General Laws, the Renewable Energy Development Fund receives money from National Grid and Pascoag Utility from the “system benefit charge” on customers’ electric bills. Additionally, the REF can receive Alternative Compliance Payments (ACP(s)) when large energy consumers and/or utilities fail to purchase Renewable Energy Credits to meet their obligations under the RI Renewable Energy Portfolio Standard.

In June of 2012 the REF received an ACP which will help to fund the “Programs” outlined in these Rules and Regulations. The objective when administering ACPs is to invest in renewable energy projects that encourage market growth in a cost-effective manner, consistent with the relevant sections of RIGL.

Using funds from the “system benefit charge” and ACP payments, the Corporation seeks to fund renewable energy projects in three (3) areas:

- (a) Small-scale solar (\$1,500,000.00).
- (b) Commercial Development (\$2,000,000.00).
 - (1) Innovation and Market Development (\$1,000,000.00).
 - (2) Project Installation (\$1,000,000.00).
- (c) Pre-development Feasibility Studies (\$750,000.00).

5.0 General Requirements

(a) Application Submission

- (1) All requests for utilization of Renewable Energy Funds shall be submitted to the Corporation on RIEDC Renewable Energy Fund Applications which can be obtained by emailing REF@riedc.com
- (2) The deadlines to submit complete applications shall be as follows:
 - a. Small-scale solar
 - (i) February 15, 2013
 - (ii) April 30, 2013
 - (iii) July 26, 2013
 - b. Commercial Development
 - (i) March 15, 2013
 - (ii) May 31, 2013
 - (iii) August 30, 2013
 - c. Pre-development Feasibility Studies:
 - (i) April 12, 2013
 - (ii) June 28, 2013
 - (iii) October 31, 2013
- (3) All applications and required materials must be submitted electronically by emailing REF@riedc.com

(b) Application Review Process

- (1) All applications will be reviewed by RIEDC Renewable Energy Fund Staff for completeness and eligibility.
- (2) All qualified applications may be evaluated by the RIEDC Renewable Energy Fund Advisory Board. A majority vote will determine whether or not to recommend an application to be voted on by the RIEDC Board of Directors.
- (3) Applications will be voted on by RIEDC's Board of Directors for approval.
- (4) Contracts are executed between the Corporation and an award recipient. The Corporation may in its sole and absolute discretion

condition an award on any and all things it deems necessary and proper to carry out the intent of the Renewable Energy Fund.

6.0 Program Areas

6.1 Small-Scale Solar

(a) Eligible Technologies:

- (1) Solar Photovoltaic
- (2) Solar Domestic Hot Water

(b) Eligible Sectors:

- (1) Residential
- (2) Businesses
- (3) Affordable Housing

(c) Project Funding:

- (1) 25% cash grant OR 50% low-interest loan
- (2) Maximum grant amount is capped at \$10,000.00 per individual project for grants and \$20,000.00 per individual project for loans.

(d) Project Size:

- (1) Solar Photovoltaic: 10kW or smaller
- (2) Solar Domestic Hot Water: Maximum of 160 sq ft of collectors

(e) General Requirements:

- (1) All projects shall be Grouped Projects.
- (2) Grouped Projects must be grouped together by the applicant who shall be either a solar contractor, neighborhood association, or other grouping mechanism approved by the Corporation.
- (3) Grouped Projects must consist of no fewer than three (3) and no more than twenty (20) individual solar projects.
- (4) Grouped Projects must be all Solar Photovoltaic or all Solar Domestic Hot Water.
- (5) Each individual project owner must have an energy audit conducted as a condition of final funding. Audits must be scheduled or completed by time of application submittal. Proof is required.
- (6) A signed turnkey contract between the individual project owner and a solar contractor must be included with application. The contract should be contingent upon funding from the RIEDC Renewable

Energy Fund.

(7) Along with a completed application, all applicants applying to install a Photovoltaic System must include the following for each individual project:

- a. Shade-analysis demonstrating no more than 20% predicted shading one (1) hour after sunrise and one (1) hour before sunset.
- b. Layout drawing of project.
- c. One-line electrical drawing.
- d. ROI/simple payback using the following assumptions:
 - (i) No more than a 3% utility inflation rate.
 - (ii) No less than a 0.5% panel degradation rate.
- e. Manufacturer's specifications for panels to be installed.
- f. Manufacturer's specifications for inverter to be installed.
- g. One (1) photo of the project location taken from the south looking northward toward the building or site.
- h. One (1) aerial image of the site from Microsoft Virtual Earth, Google Earth, or similar source with the building or site clearly identified.

(8) Along with a completed application, all applicants applying to install a Solar Domestic Hot Water must include the following for each individual project:

- a. Shade-analysis demonstrating no more than 20% shading (1) hour after sunrise and one (1) hour before sunset.
- b. Layout drawing of the project which illustrates at a minimum the placement of collectors and a plumbing schematic.
- c. Cross-section drawing of roof showing the size, spacing, and rafter run.
- d. ROI/simple payback using the following assumptions:
 - (i) No more than a 3% utility inflation rate.
 - (ii) No less than a 0.25% panel degradation rate.
- e. Manufacturer's specifications for collectors to be installed.
- f. Manufacturer's specifications for tank to be installed.
- g. One (1) photo of the project location taken from the south

looking northward toward the building or site.

- h. One (1) aerial image of the site from Microsoft Virtual Earth, Google Earth, or similar source with the building or site clearly identified.

(f) Evaluation Criteria

Applications shall be evaluated as follows:

- (1) Technical feasibility (30%). Applications must include documented evidence of technical feasibility for the proposed project.
- (2) Financial Viability (30%). Proposals must include evidence and sources of other funds leveraged to complete the proposed project.
- (3) Estimated cost of energy produced (20%).
- (4) Anticipated amount of renewable energy and related benefits expected from the proposed project. Related benefits include but are not limited to job creation, environmental benefits, and community benefits. (10%).
- (5) Experience of project team (10%).

(g) Final Inspection: RIEDC reserves the right to inspect all projects before final funding is released.

(h) Projects must be completed within twelve (12) months of RIEDC contract signing.

6.2 Commercial Scale Direct Project Funding – Over 10 kW

(a) Eligible Technologies:

- (1) Those technologies consistent with RIGL § 39-2-1.2.
- (2) All projects must have the ability to generate electricity.

(b) Eligible Sectors:

- (1) Businesses
- (2) Institutions
- (3) Non-profit organizations
- (4) Municipalities
- (5) Affordable Housing

(c) Project Funding:

- (1) Up to 20% cash grant for 10-50 kW projects.
- (2) Maximum grant amount is capped at \$75,000.00.

(d) General Requirements:

- (1) Project owners must have conducted an energy audit prior to application submittal. Proof must be included with application. Preference will be given to project owners who have implemented energy efficiency measures.
- (2) A signed turnkey contract between the project owner and a solar contractor must be included with the application. Contract should be contingent upon receiving funding from the RIEDC Renewable Energy Fund.
- (3) Eligibility requirements for solar projects:
 - i. Shade-analysis demonstrating no more than 10% predicted shading one (1) hour after sunrise and one (1) hour before sunset.
 - a. Layout drawing of the project.
 - b. One-line electrical drawing.
 - c. ROI/simple payback using the following assumptions:
 - (i) No more than a 3% utility inflation rate.
 - (ii) No less than a 0.5% panel degradation rate.
 - d. Interconnection Application submitted to National Grid.
 - e. Manufacturer's specifications for panels to be installed.
 - f. Manufacturer's specifications for inverters to be installed.
 - g. One (1) photo of the project location taken from the south looking northward toward the building or site.
 - h. One (1) aerial image of the site from Microsoft Virtual Earth, Google Earth, or similar source with the building or site clearly identified.
- (4) Eligibility requirements for wind projects:
 - a. Copy of FAA approval.
 - b. Proof that the project is permissible within jurisdictional authority. (Either a letter or copy of city/town ordinance will suffice).
 - c. One-line electrical drawing.
 - d. Project location site plan.
 - e. Copy of Interconnection Application submitted to National Grid.

- (5) Final Inspection: RIEDC reserves the right to inspect all projects before final funding is released.
- (6) Projects must be completed within eighteen (18) months of contract signing.

(e) Evaluation Criteria:

- (1) Technical feasibility (30%). Applications must include documented evidence of technical feasibility for the proposed project.
- (2) Financial Viability (30%). Proposals must include evidence and sources of other funds leveraged to complete the proposed project.
- (3) Estimated cost per kWh of energy produced (20%).
- (4) Anticipated amount of renewable energy and related benefits expected from the proposed project. Related benefits include but are not limited to job creation, environmental benefits, and community benefits. (10%).
- (5) Experience of project Team (10%).
- (6) Bonus of (10%) will be given to projects located in “load constrained areas” as defined by the REF Advisory Board in consultation with National Grid.

6.3 Early Stage Commercialization

(a) Eligible Technologies:

- (1) Technologies consistent with RIGL § 39-2-1.2.
- (1) Projects must have the ability to generate electricity optimize the integration of renewable energy into the electric grid.
- (2) Projects may qualify for funding as an Emerging Technology or an Innovative Business Model.

(b) Eligible Sectors:

- (1) Businesses
- (2) Institutions

(c) Project Funding:

Applicants may apply for a Recoverable Grant, a low-interest loan, or matching funds.

(1) Recoverable Grant:

- a. Eligible for up to seventy-five (75%) of the cost of an Early Stage Commercialization Project.

- b. Project owner must contribute a minimum of twenty-five (25%).
 - c. Maximum level of support is capped at \$300,000.00.
 - d. Repayment in full when the product becomes commercially available.
- (2) Low-interest loan
- a. Eligible for up to 100% Initial funding of an Early Stage Commercialization Project.
 - b. Maximum level of support is capped at \$300,000.00.
 - c. Loan repayment shall begin when product becomes commercially available.
- (3) For projects lacking code compliance (i.e. UL compliance) the Corporation may provide matching funds on a case-by-case basis.
- (d) General Requirements:
- (1) All projects must meet all codes and standards before construction begins.
 - (2) Applicants shall submit a Business Plan which includes:
 - a. Detailed description of the proposed project.
 - b. Market niche for this technology/business model.
 - c. Potential size of market impact.
 - d. Risks associated with business plan.
 - e. Detailed project budget.
 - f. Financial projections.
 - g. Economic development impact for the State of Rhode Island.
 - h. Estimates of job creation.
 - (3) Business Experience/ Resumes of Key Management
- (e) Evaluation Criteria
- (3) Technical Merit / Feasibility (25%).
 - (4) Market Potential (25%).
 - (5) Economic Impact for the State of Rhode Island (20%).
 - (6) Team credentials and experience (10%).
 - (7) Project Budget / Other funds leveraged (10%).
 - (8) Scope of Work (10%).
- (f) Projects must be completed within eighteen (18) months of contract signing. Exceptions to this time frame may be granted on a case-by case basis by

RIEDC.

6.4 Pre-development Feasibility Studies

a. Eligible Technologies:

- (1) Those technologies consistent with R.I. Gen. Laws § 39-2-1.2.
- (2) Technologies studied must have the ability to generate electricity or provide a direct benefit to the electric grid.

(3) Eligible Sectors:

- a. Businesses
- b. Institutions
- c. Non-profit organizations
- d. Municipalities

(4) Project Funding:

- a. All Pre-development Feasibility Studies shall be awarded as a Recoverable Grant and shall require repayment when the project is operational.
- b. Maximum level of support will be capped at \$200,000.00.
- c. Applicant may apply for up to seventy-five percent (75%) of pre-development study costs.
- d. Project owner must contribute a minimum of twenty-five percent (25%).

(5) General Requirements

- a. The RIEDC and its Renewable Energy Fund Advisory Board reserve the right to recommend all, part, or none of a proposed feasibility study be funded based on probability of future development.
- b. For Municipal Projects:
 - i. Any municipality applying for a pre-development feasibility study recoverable grant must include evidence of a Town/City Council vote in favor of the proposed project.
 - ii. A municipality will not be required to pay back an award if it determined that the proposed project is not feasible due to technical reasons

only.

(6) Evaluation Criteria

- a. Technical feasibility (30%). Applicants must include preliminary evidence of technical feasibility for the proposed study. This could include:
 - i. Distance to potential grid connection.
 - ii. Current price per kWh.
 - iii. Evidence from www.rienergy.org to support favorable siting of proposed project.
 - b. Financial Viability (30%). Proposals must include evidence and sources of other funds being leveraged to complete the proposed study.
 - c. Estimated cost per kWh of energy produced (20%).
 - d. Anticipated amount of renewable energy and related benefits expected from the proposed project (10%).
 - e. Experience of project team (10%).
- (7) Studies must be completed within eighteen (18) months of contract signing.