

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION  
NOTICE OF RULE-MAKING AND HEARING

Pursuant to the provisions of R.I. Gen. Laws § 42-35-3, as amended, the Rhode Island Economic Development Corporation hereby gives notice of its intent to adopt rules and regulations, entitled 2014-2016 RULES AND REGULATIONS FOR THE RENEWABLE ENERGY DEVELOPMENT FUND PROGRAMS.

The Rules implement the legislative intent of amendments to statutory authority placing the administration of the Renewable Energy Development Fund and related programs with the Corporation pursuant to Rhode Island General Laws Sections 42-64-13.2; 39-2-1.2; and 39-26-7. These Rules were prepared by the Corporation and are established for the purpose of setting forth the implementation standards for funding pursuant to the Renewable Energy Development Fund and related programs.

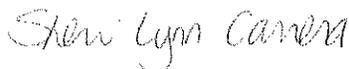
In development of the proposed Rules consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) economic impact on small businesses. No alternative approach, duplication, or overlap was identified based upon available information.

Notice is also hereby given, in accordance with R.I. Gen. Laws § 42-35-3, that the Corporation will hold a public hearing to consider the Rules **on December 9, 2013 at 10:00 a.m.** at 315 Iron Horse Way, Suite 101, Providence, RI 02908: for the purposes of affording all interested persons an opportunity to submit data, views or arguments, orally or in writing, concerning the proposed Rules. The location is accessible to the handicapped. Those requiring interpreter services for the hearing impaired must notify the Rhode Island Economic Development Corporation at (401) 278-9100 at least forty-eight (48) Hours in advance of the hearing. Also for the hearing impaired, assisted listening devices are available onsite, without notice, at this location.

The Rules are available for public inspection at [www.riedc.com](http://www.riedc.com), or in person at the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908, or by request by e-mail to [scarrera@riedc.com](mailto:scarrera@riedc.com), or by calling Sherri Lynn Carrera at (401) 278-9174.

All interested parties are invited to submit data, views or arguments, orally or in writing, concerning the proposed Rules by close of business on December 9, 2013, to Sherri Lynn Carrera at:

The Rhode Island Economic Development Corporation  
315 Iron Horse Way, Suite 101, Providence, RI 02908 or  
[scarrera@riedc.com](mailto:scarrera@riedc.com)



Sherri Lynn Carrera, Rules Coordinator  
Rhode Island Economic Development Corporation  
(401) 278-9174

November 8, 2013  
Date of Notice

### **Concise Explanatory Statement of Rules Pursuant to RIGL Section 42-35-2.2 and 2.3**

The Rules propose to set forth the funding criteria utilized by the Corporation in connection with the Renewable Energy Development Fund (the "Fund") and related programs mandated by applicable legislation. Specifically, the Corporation will receive applications for funding for renewable energy projects, and consider them in the context of criteria including but not limited to technical feasibility, amount of generated renewable energy, cost per kilowatt and financial viability of the project. The Fund and related programs may be used for technical feasibility analysis, municipal renewable energy investment and non-profit affordable housing development, as well as other renewable energy projects as determined by the Corporation.

**RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

**2014-2016 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 of RIGL §42-64-13.2; RIGL §39-2-1.2; and RIGL §39-26.

**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:

- 2.1 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.
- 2.2 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 that 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.
- 2.3 The Corporation seeks to fulfill its legal obligations by providing and administering programs in 4 areas as part of the Renewable Energy Fund:
  - (a) Small-scale Solar
  - (b) Commercial Development
  - (c) Pre-development Feasibility Studies
  - (d) Early Stage Commercialization

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### **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 **“Energy Audit”** means an inspection, survey and analysis of energy flows for energy conservation in a building, process or system to reduce the amount of energy input into the system without negatively affecting the output
- 3.5 **“Innovative Business Model”** means a novel 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 **“Renewable Energy Fund”** and **“REF”** mean the Renewable Energy Development Fund.

3.9 **“Corporation”** means the Rhode Island Economic Development Corporation or any successor corporation or new corporation empowered to perform the functions currently served by the Rhode Island Economic Development Corporation.

3.10 **“Board of Directors”** means the body as defined in RIGL §42-64-8

3.11 **“Renewable Energy Fund Advisory Committee”** means the body, as appointed by the Program Manager of the REF, that may make recommendations regarding a project to be voted on by the Board of Directors. The Renewable Energy Fund Advisory Committee shall consist of no fewer than:

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

3.12 **“RIGL”** means the Rhode Island General Laws.

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

3.14 **“System Benefit Charge”** means a nonbypassable charge collected by electric distribution companies and imposed by statute to collect funds to cover the above-

market costs of providing renewable energy as a public good. The legislated share in RI is 0.3 mills per kilowatt-hour delivered to fund renewable energy programs

#### **4.0 Funding**

All Funds will be awarded and disbursed through solicitations issued by the Corporation in the four (4) program areas. Approximate release dates for each solicitation will be available on the Corporation's website at the start of each calendar year. All dates are subject to change depending on availability of funds and demand for each program. Each solicitation will specify the specific incentive level, detailed instructions on how to apply, program requirements, and the deadlines to apply.

In each calendar year, a minimum percentage of the REF's income will be available to eligible projects in each Program area. The Corporation, at its discretion, may choose to contribute more money to a particular program based on demand for a particular program, available funds, or other factors. The minimum allocated percentages shall be:

Small scale solar: twenty percent (20%)

Commercial Renewable Energy Development: twenty percent (20%)

Early Stage Commercialization: twenty percent (20%)

Predevelopment Feasibility Studies: twenty percent (20%)

If the minimum percentage is not awarded during the calendar year, funds will roll over into the same program for the following calendar year.

#### **5.0 General Requirements**

5.1 All requests for use of Renewable Energy Funds shall be submitted to the Corporation on Renewable Energy Fund Applications which can be downloaded from the Corporation's website.

5.2 Applications will only be accepted during open solicitation periods. Solicitations and schedules for future solicitations can be found on the Corporation's website.

5.3 Incomplete applications will not be accepted by the Corporation.

5.4 All applications must be typed. No handwritten applications will be accepted unless approved in writing by REF Staff in advance.

- 5.5 All construction projects funded through the REF must be grid-connected, with the exception of Solar Domestic Hot Water.
- 5.6 All applicants seeking funding through the REF for projects must pay a system benefit charge through their electric distribution company.
- 5.7 All applications must be for new projects. No projects underway or complete at the time of applying shall be eligible for funding.
- 5.8 All energy audits must be conducted by an independent 3<sup>rd</sup> party entity suitable to the Corporation. Energy audits conducted by the same company performing the renewable energy installation will not be accepted.
- 5.9 REF funding for construction projects may not be combined with any other renewable energy funding programs administered by the State of Rhode Island including the Distributed Generation Long Term Contracts Program.
- 5.10 REF funding may be combined with Regional Greenhouse Gas Initiative (RGGI) funding programs and/or renewable energy funding programs administered by the Federal Government.
- 5.11 The Corporation reserves the right to use 3<sup>rd</sup> party entities to carry out its duties as administrator of the REF.
- 5.12 Application Review Process:
- a. Renewable Energy Fund Staff will review all applications for Completeness and Eligibility.
  - b. All qualified applications may be reviewed by the Renewable Energy Fund Advisory Committee. A consensus will determine whether or not to recommend an application be presented to the Board of Directors.
  - c. Applications will be voted on by the Board of Directors for approval.
- 5.13 Award Process
- a. Award letters shall be sent to applicants after approval by the Board of Directors.
  - b. Contracts in a form acceptable to the Corporation shall be executed between the Corporation and the Applicant
  - c. Work may begin on Projects.
  - d. All grants for construction projects will be paid in full after successful completion and inspection of the Project.

- e. All loan disbursements will be made in manner that is mutually acceptable to the Corporation and the borrower as agreed to in the Loan Agreement. The Corporation in its sole discretion may cancel an award if mutually agreeable terms cannot be met.

## **6.0 Small Scale Solar**

### **6.1 Solicitations for funding:**

- a. A minimum of two (2) solicitations will be released each calendar year.
- b. Solicitations shall include all additional project requirements which are subject to change between funding periods..
- c. Solicitations shall include all deadlines for application submission.
- d. Funding will be issued in the form of grants.

### **6.2 Eligible Sectors:**

- a. Residential.
- b. Businesses.
- c. Affordable Housing.
- d. Non-profits.

### **6.3 Eligible Technologies:**

- a. Solar Photovoltaic (PV).
- b. Solar Domestic Hot Water (SDHW).

### **6.4 Minimum Submission Requirements:**

- a. Proof of Energy Audit,
- b. One-line electrical drawing (for PV only),
- c. Layout drawing including location of all major components.
- d. ROI/simple payback assuming no more than 3% utility inflation rate, and
- e. Signed turnkey contract.

### **6.5 Minimum Evaluation Criteria:**

- a. Technical Feasibility,
- b. Financial Feasibility,
- c. Cost per kWh of energy produced,
- d. 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, and

- e. Experience of Project Team.

## **7.0 Commercial Scale Project Funding**

### **7.1 Solicitations for funding:**

- a. A minimum of two (2) solicitations will be released each calendar year.
- b. Solicitations shall include all additional project requirements which are subject to change between funding periods.
- c. Solicitations shall include all deadlines for application submission.
- d. Funding will be issued in the form of grants.

### **7.2 Eligible Sectors:**

- a. Businesses.
- b. Institutions.
- c. Non-profits.
- d. Municipalities.

### **7.3 Eligible Technologies:**

- a. Those technologies set forth in RIGL § 39-26-5.
- b. All projects must have the ability to generate electricity.

### **7.4 Minimum Submission Requirements:**

- a. Proof of Energy Audit,
- b. One-line electrical drawing.
- c. Layout drawing including location of all major components.
- d. ROI/simple payback assuming no more than 3% utility inflation rate, and
- e. Signed turnkey contract.

### **7.5 Minimum Evaluation Criteria:**

- a. Technical Feasibility,
- b. Financial Feasibility,
- c. Cost per kWh of energy produced,
- d. 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, and

- e. Experience of Project Team.

## **8.0 Pre-development Feasibility Study**

### **8.1 Solicitations for Funding:**

- a. A minimum of two (2) solicitations will be released per calendar year.
- b. Solicitations shall include additional project requirements which are subject to change between funding periods.
- c. Solicitations shall include all deadlines for application submission.
- d. All awards will be funded as low-interest loans contingent upon the ability for the project to be successful.

### **8.2 Eligible Sectors:**

- a. Businesses.
- b. Institutions.
- c. Non-profits.
- d. Municipalities.

### **8.3 Eligible Technologies:**

- a. Those technologies set forth in RIGL § 39-26-5.
- b. Technologies being studied must have the ability to generate electricity or provide a direct benefit to the electric grid.

### **8.4 Minimum Submission Requirements:**

- a. For Municipal Projects:
  - i. Any municipality applying for a pre-development feasibility study must include evidence of a Town/City Council vote in favor of the proposed project.
  - ii. The applicant must have evidence of its legal ability to borrow money on behalf of the municipality.
- b. Detailed scope of work,
- c. Detailed project budget,
- d. Contracts with all major subcontractors working on the Study,
- e. Clear evidence of cost-sharing specific to the Study, and
- f. The municipality must have an ordinance in place allowing development of the proposed project.

### **8.5 Eligibility Requirements:**

- a. Technical Feasibility,
- b. Financial Feasibility,

- c. Cost per kWh of energy produced,
- d. 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.
- e. Experience of Project Team

8.6 The Corporation and the REF Advisory Committee may choose to fund all, part, or none of a Predevelopment Feasibility Study based on the likelihood of development.

8.7 Loans will be repaid upon completion of the project.

8.8 If the project is found to be technically and economically feasible but the project is not commenced or completed the loan must be repaid to the Corporation.

## **9.0 Early Stage Commercialization**

### **9.1 Solicitations for Funding:**

- a. A minimum of one (1) solicitation will be released per calendar year
- b. Solicitations shall contain all additional program and application requirements.
- c. All funding will be issued in the form of a low-interest loan which shall be contingent upon the success of the emerging technology.

### **9.2 Eligible Sectors**

- a. Businesses
- b. Institutions

### **9.3 Eligible Technologies:**

- a. Those technologies set forth in RIGL § 39-26-5.
- b. Projects must have the ability to generate electricity or optimize the integration of renewable energy into the electric grid.
- c. Projects may qualify for funding as an Emerging Technology or an Innovative Business Model.

### **9.4 General Requirements**

- a. Applicant must have other investments secured or be actively pursuing other forms of investment.
- b. Applicant must submit a business plan

### 9.5 Evaluation Criteria

- a. Other funds leveraged,
- b. Technical Merit / Feasibility,
- c. Market Potential,
- d. Economic Impact for the State of Rhode Island,
- e. Team credentials and experience.
- f. Scope of Work/Project Budget .

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