

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

**RULES AND REGULATIONS FOR THE RENEWABLE ENERGY DEVELOPMENT
FUND INCLUDING THE MUNICIPAL RENEWABLE ENERGY INVESTMENT
PROGRAM AND THE NON-PROFIT AFFORDABLE HOUSING
RENEWABLE ENERGY INVESTMENT PROGRAM**

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HOUSING RENEWABLE ENERGY INVESTMENT PROGRAM**

Section 1.00. Purpose.

The Rhode Island Economic Development Corporation, in order to develop an integrated organizational structure to secure for Rhode Island and its people the full benefits of cost – effective renewable energy development from diverse sources pursuant to R.I.G.L. §42-64-13.2 (a) hereby adopts these rules and regulations to implement the requirements of R.I.G.L. §42-64-13.2; R.I.G.L. §39-2-1.2 and R.I.G.L. §39-26-7.

Section 2.00. Legal Authority.

These rules and regulations are promulgated pursuant to the requirements and provisions of R.I.G.L. §42-64-13.2; R.I.G.L. §39-2-1.2; and R.I.G.L. §39-26-7.

Section 3.00. Definitions.

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

3.01. “Affordable Housing” shall mean any of affordable housing or low and moderate income housing as defined in R.I.G.L. Title 42, Chapter 128, or Title 45, Chapter 53, or such other superceding statutes as may be implemented by the State of Rhode Island from time to time.

3.02. "Corporation" shall mean the Rhode Island Economic Development Corporation as established, administered and governed by R.I.G.L. Title 42, Chapter 64, as amended.

3.03. "Municipal Renewable Energy Investment Program" shall mean those funds in the Renewable Energy Development Fund utilized by the Rhode Island Economic Development Corporation pursuant to R.I.G.L. §42-64-13.2 and R.I.G.L. §39-2-1.2 (c).

3.04. "Non-Profit Affordable Housing Renewable Housing Investment Program" shall mean those funds in the Renewable Energy Development Fund utilized by the Rhode Island Economic Development Corporation pursuant to R.I.G.L. §42-64-13.2 and R.I.G.L. §39-2-1.2 (d).

3.05. "Renewable Energy Development Fund" shall mean those funds administered by the Rhode Island Economic Development Corporation pursuant to R.I.G.L. §42-64-13.2, R.I.G.L. §39-2-1.2 and R.I.G.L. §39-26-7.

3.06. Any capitalized terms not otherwise defined herein shall have the meaning ascribed to them in R.I.G.L. Title 42, Chapter 64 or R.I.G.L. Title 39, Chapter 2.

Section 4.00. Requests For Utilization of Funds From the Renewable Energy Development Fund including the Municipal Renewable Energy Investment Program, the Non-Profit Affordable Housing Renewable Energy Investment Program and the Pre-development Consultant and Technical Feasibility Program.

4.01. Requests for utilization of funds in the Renewable Energy Development Fund (other than those proposals for use of funds from the Municipal Renewable Energy Investment Program, the Non-Profit Affordable Housing Renewable Energy Investment Program or the Pre-development Consultant and Technical Feasibility Program, which are set forth in Sections 4.02, 4.03 and 4.04 respectively, below) shall use the procedures set forth in this Section 4.01.

4.01. (a). Applications for Funding.

All requests for the utilization of funds in the Renewable Energy Development Fund shall be submitted to the Corporation on application forms that may be obtained from the Corporation. Requests shall describe how the proposal will help promote the expansion and sound development of renewable energy resources in Rhode Island and fulfill the other criteria as set forth herein and as otherwise established by the Corporation from time to time.

4.01. (b). Approval Criteria.

Criteria for approval of proposals for utilization of the Renewable Energy Development Fund are as follows:

- (i) technical feasibility – proposals must include documented evidence of technical feasibility for the proposed renewable energy technology;
- (ii) financial viability – proposals must include evidence of commitments or expressions of interest from all funding sources;
- (iii) anticipated amount of renewable energy and related benefits, including diversity of renewable energy sources, the proposal will produce;
- (iv) estimated cost per kilowatt hour of energy produced over the life of the project;
- (v) project management capabilities - proposals must include biographies of all key project personnel from any firm or team of firms involved in the project as well as a description of the firm or team of firms and their experience with similar projects including brief descriptions of the team's project experience and at least three references from projects identified;
- (vi) time to market - proposals must include a detailed construction budget and project milestones leading to completion and operation;
- (vii) economic development benefits to Rhode Island – projects must identify all economic development aspects of the project, including the number, type, salary ranges (by \$10,000's) of permanent and construction jobs directly created by the project.
- (viii) preference will be given to projects that can support low interest loans and/or recoverable grants from the Renewable Energy Development Fund which allow repayment or replenishment over time.

(ix) preference will be given where the Corporation's assessment of the economic development impact of the project, including the creation of any new jobs, equals or exceeds the requested grant within a three year period from the completion of the project. Recipients of grants will be required to provide the Corporation with annual documentation certifying to job creation.

4.01. (c). Selection Process.

The Corporation shall review all requests submitted to it for funding renewable energy projects. Proposals requesting Fifty Thousand Dollars (\$50,000) of funding or less in the aggregate may be approved by the Executive Director of the Corporation. Proposals requesting more than Fifty Thousand Dollars (\$50,000) of funding in the aggregate may be approved only by both the Board of Directors of the Corporation and the Corporation's Executive Director.

4.01. (d). Method of disbursement of funds.

The Corporation shall disburse funds from the Renewable Energy Development Fund in the form of loans, grants, recoverable grants and other financial mechanisms, with or without security, for repayment, if any, and at rates, terms and other conditions as shall be deemed necessary, appropriate and in the best interest of the Renewable Energy Development Fund as determined by the Corporation.

4.01. (e). Repeat Funding and Maximum Funding Amount. Recipients, and affiliates of recipients, are ineligible for repeat funding. No funding shall exceed Seven Hundred Fifty Thousand Dollars (\$750,000) with a preference for those projects for which any funding commitment that exceeds Two Hundred Fifty Thousand Dollars (\$250,000) shall be funded over not less than a three year period.

4.02. Municipal Renewable Energy Investment Program.

Utilizing the lesser of Fifty Percent (50%) or One Million Dollars (\$1,000,000) collected annually from the .3 mils per kilo-watt hour charge for renewable energy programs that provides funds for the Renewable Energy Development Fund, the

Corporation shall administer the Municipal Renewable Energy Investment Program pursuant to these rules and regulations.

4.02. (a). Submission of Proposals from Municipalities.

The Corporation shall accept proposals from municipalities for eligible projects and shall award grants, which at the discretion of the Corporation may be recoverable, in accordance with the ranking criteria set forth below.

4.02. (b). Applications For Funding.

The Corporation shall accept such proposals from municipalities for eligible projects of the municipalities on application forms that may be obtained from the Corporation. Applications must be submitted no later than March 31 and September 30 of each year. Applicants will be notified of an approval or denial by June 30 for March 31 application submissions and December 31 for September 30 application submissions.

4.02. (c). Approval Criteria.

The criteria to rank qualified municipal renewable energy projects shall be considered as follows:

(i) technical feasibility – proposals must include documented evidence of technical feasibility for the proposed renewable energy technology;

(ii) financial viability – proposals must include evidence of commitments or expressions of interest from all funding sources;

(iii) anticipated amount of renewable energy and related benefits, including diversity of renewable energy sources, the proposal will produce;

(iv) estimated cost per kilowatt hour of energy produced over the life of the project;

(v) project management capabilities- proposals must include biographies of all key project personnel from any firm or team of firms involved in the project as well as a description of the firm or team of firms and their experience with similar projects including brief descriptions of the projects and at least three references from projects identified;

(vi) time to market - proposals must include a detailed construction budget and project milestones leading to completion and operation;

(vii) preference will be given to projects that involve the partnering of two or more municipalities.

4.02. (d). Repeat Funding and Maximum Funding Amount. Municipalities that have not previously received financing from the Municipal Renewable Energy Investment Program shall be given priority over those municipalities that have received funding under the Municipal Renewable Energy Investment Program. No grant shall exceed Five Hundred Thousand Dollars (\$500,000) with respect to each eligible proposal.

4.02. (e). Selection Process.

The Corporation shall review all requests submitted to it to fund municipal renewable projects pursuant to these rules and regulations. Proposals requesting Fifty Thousand Dollars (\$50,000) or less in the aggregate of funding may be approved by the Executive Director of the Corporation. Proposals requesting more than Fifty Thousand Dollars (\$50,000) in the aggregate of funding may be approved only by both the Board of Directors of the Corporation and the Corporation's Executive Director.

4.02. (f). Carryover of Funds.

Any funds not expended from the Municipal Renewable Energy Investment Program in a given year shall remain in the Municipal Renewable Energy Investment Program and be added to the balance to be distributed in the next award cycle.

4.02. (g). Municipal Control of Power Output. Pursuant to R.I.G.L. §39-2-1.2 (c) (3), qualifying municipal renewable energy projects must be a project that produces renewable energy resources whose output of power and other attributes are controlled in its entirety by at least one Rhode Island city or town.

4.03. Non-Profit Affordable Housing Renewable Energy Investment

Program.

Utilizing the lesser of ten percent (10%) or Two Hundred Thousand Dollars (\$200,000) collected annually from the .3 mils per kilowatt hour charge for renewable energy programs to fund qualified non-profit affordable housing renewable energy projects from the Renewable Energy Development Fund in accordance with R.I.G.L. Title 39, Chapter 2, the Corporation shall fund qualified non-profit affordable housing renewable energy projects in accordance with these rules and regulations.

4.03. (a). Applications for Funding.

All requests for funds pursuant to the Non-Profit Affordable Housing Renewable Energy Investment Program shall be submitted to the Corporation. Applications will also be available to Non-Profit Affordable Housing Developers at Rhode Island Housing Mortgage Finance Corporation.

The Corporation shall accept such proposals from Non-Profit Affordable Housing Developers for eligible projects on application forms that may be obtained from the Corporation or Rhode Island Housing Mortgage Finance Corporation. Applications must be submitted no later than March 31 and September 30 of each year. Applicants will be notified of an approval or denial by June 30 for March 31 application submissions and December 31 for September 30 application submissions.

4.03. (b). Criteria to Rank Qualified Non-Profit Affordable Housing Renewable Energy Projects.

The criteria to rank qualified Non-Profit Affordable Housing Renewable Energy Projects shall give consideration to the following:

(i) technical feasibility – proposals must include documented evidence of technical feasibility for the proposed renewable energy technology;

(ii) financial viability – proposals must include evidence of commitments or expressions of interest from all funding sources;

(iii) anticipated amount of renewable energy and related benefits, including diversity of renewable energy sources, the proposal will produce;

(iv) estimated cost per kilowatt hour of energy produced over the life of the project;

(v) project management capabilities- proposals must include biographies of all key project personnel from any firm or team of firms involved in the project as well as a description of the firm or team of firms and their experience with similar projects including brief descriptions of the projects and at least three references from projects identified;

(vi) time to market - proposals must include a detailed construction budget and project milestones leading to completion and operation;

(vii) preference will be given to projects that provide the (A) greatest number of affordable housing units to be created, (B) greatest number of affordable housing units for the lowest income households, and/or (C) greatest number of affordable housing units that are the most consistent with state and local community development plans for affordable housing.

4.03. (c). Repeat Funding and Maximum Grant.

Non-Profit affordable housing agencies that have not previously received financing from this program shall be given priority from the Non-Profit Affordable Housing Renewable Energy Investment Program over those agencies that have received funding under the Non-Profit Affordable Housing Renewable Energy Investment Program. No funding approval shall exceed One Hundred Thousand Dollars (\$100,000) with respect to each approved project.

4.03. (d). Selection Process.

The Corporation, in conjunction with the Rhode Island Housing and Mortgage Finance Corporation, shall review all requests submitted to it for funding for non-profit affordable housing renewable energy projects pursuant to these regulations. Proposals requesting Fifty Thousand Dollars (\$50,000) or less in the aggregate of funding may be approved by the Executive Director of the Corporation. Proposals requesting more than

Fifty Thousand Dollars (\$50,000) in the aggregate may be approved only by both the Board of Directors of the Corporation and the Corporation's Executive Director.

4.03. (e). Carryover of Funds.

Any funds not expended from the Non-Profit Affordable Housing Renewable Energy Investment Program in a given year shall remain in the fund and be added to the balance to be distributed in the next award cycle. Those funds not distributed in the next award cycle may be utilized in the Renewable Energy Development Fund.

4.03. (f). Non-Profit Control of Power Output.

For the purposes hereof, "qualified non-profit affordable housing renewable energy projects" means any project that produces renewable energy resources whose output of power and other attributes is controlled in its entirety by at least one non-profit affordable housing development as defined in R.I.G.L. §42-55-3 and is restricted to producing energy for the non-profit housing development.

4.04. Pre-development Consultant and Technical Feasibility Program.

Utilizing the lesser of Ten Percent (10%) or Two Hundred Thousand Dollars (\$200,000) collected annually from the .3 mills per kilo-watt hour charge for renewable energy programs that provides funds for the Renewable Energy Development Fund, the Corporation shall administer the Pre-development Consultant and Technical Feasibility Program pursuant to these rules and regulations.

4.04. (a). Submission of Proposals.

The Corporation shall accept proposals from any commercial enterprises, civic and educational institutions, non-profit organizations, municipalities and non-profit affordable housing developers for eligible consultants and technical feasibility studies and shall award grants in the case of municipalities and non-profit affordable housing developers and loans or recoverable grants in the case of commercial enterprises and other non-profit organizations in accordance with the ranking criteria set forth below.

4.04 (b). Applications For Funding.

The Corporation shall accept such proposals on application forms that may be obtained from the Corporation. Applications must be submitted no later than March 31 and September 30 of each year. Applicants will be notified of an approval or denial by June 30 for March 31 application submissions and December 31 for September 30 application submissions.

4.04. (c). Approval Criteria.

The criteria to rank qualified pre-development consultant and technical feasibility studies shall be considered as follows:

(i) a copy of the contract outlining work scope and objectives must be provided for the Corporation's review;

(ii) information on the consulting firm including a description of experience with similar assignments and client references shall be provided;

(iii) only fixed contracts will be considered;

(iv) preference will be given to applications with contributing funding from some source other than the Renewable Energy Development Fund.

4.04. (d). Repeat Funding and Maximum Funding Amount.

Recipients that have previously received financing from the Pre-development Consultant and Technical Feasibility Program are ineligible for additional funding for technical feasibility and consulting studies, but not other uses of the Renewable Energy Development Fund, the Municipal Renewable Energy Investments Program or the Non-Profit Affordable Housing Renewable Energy Investment Program or any other funds administered by the Corporation.

4.04. (e). Selection Process.

The Corporation shall review all requests submitted to it to fund pursuant to these rules and regulations. Proposals requesting Fifty Thousand Dollars (\$50,000) or less in the aggregate of funding may be approved by the Executive Director of the Corporation.

Proposals requesting more than Fifty Thousand Dollars (\$50,000) in the aggregate of funding may be approved by both the Board of Directors of the Corporation and the Corporation's Executive Director.

4.04. (f). Carryover of Funds.

There will be no carryover of funds not expended from the Pre-development Consultant and Technical Feasibility Program. Any funds not so distributed may be otherwise utilized in the Renewable Energy Development Fund.

Section 5.00 Reporting

5.01 (a) Annual Reporting.

On or before March 1 of each year, the Corporation will submit a report to the Corporation's Board of Directors, the president of the Rhode Island Senate, the speaker of the Rhode Island House of Representatives, and the Rhode Island secretary of state that will include:

- (i) Financial statements on the Renewable Energy Development Fund;
- (ii) A listing of all projects funded in the current fiscal year and past projects funded.
- (iii) A listing of all consultants engaged by the Corporation and paid by the Corporation with funds from the Renewable Energy Development Fund;
- (iv) A discussion of accomplishments, challenges and recommendations for improvement of the Renewable Energy Development Fund.

5.01 (b) Executive Director's Discretionary Authority Quarterly Report:

The Executive Director of the Corporation shall prepare a report for the Corporation's Board of Directors of all grants, recoverable grants and loans from the Renewable Energy Development Fund that were approved within the Executive Director's discretionary authority that will include:

(i) A listing of all projects funded in the previous quarter and a brief description of the project.

(ii) A listing of any grants, recoverable grants or loans provided to project recipients for consultants including the consultant's contact information and description of the consultant's scope of work.

Section 6.00. Finality.

Any request for utilization of funds from the Renewable Energy Development Fund, including the Municipal Renewable Energy Investment Program or the Non-Profit Affordable Housing Renewable Energy Investment Program, shall not constitute a "contested case" under the Administrative Procedures Act as set forth in R.I.G.L. Title 42, Chapter 35. No opportunity to object to any request shall be afforded, nor shall judicial review be available from a decision rendered by the Corporation pursuant to applicable law.

Section 7.00. Reconsideration of Corporation Decision.

Any affected person may request in writing reconsideration of a decision of the Corporation. Requests for reconsideration will be granted only where it can be demonstrated that there have been:

- (i) significant changes in the proposed project's ability to meet the applicable criteria as related to it; or
- (ii) significant changes in factors or circumstances relied upon by the Corporation in reaching its decision.

Section 8.00. Rescission of Funding.

The Corporation may revoke any funding authorized by it prior to any disbursements made by it, whether in whole or in part, upon a finding by the Corporation that:

(a) the project authorized for funding has been significantly altered in scope or impact, or in any other way the criteria utilized by the Corporation in determining the authorization for the funding has been altered, changed or impacted in a material way; or

(b) the project applicant has not made substantial and significant advancement with respect to the implementation of the project since the authorization was approved by the Corporation, as determined by the Corporation.

(c) the project applicant has not satisfied any pre-funding conditions set forth by the Corporation.

Section 9.00. Performance.

Any person or entity that has been granted funding pursuant to these rules and regulations shall report to the Corporation on the progress the applicant has made with respect to the implementation of the project for which funding was authorized. Such reports shall be in form and substance satisfactory to the Corporation and performed with a frequency as determined by the Corporation.

Section 10.00. Authority Regarding Documentation.

Any grant, loan, recoverable grant or other utilization of the Renewable Energy Development Fund, including the Municipal Renewable Energy Investment Program or the Non-Profit Affordable Housing Renewable Energy Investment program, may be documented by the Corporation with such agreements, promissory notes, memoranda of understanding, security instruments, mortgages, pledges, hypothecations and other documentation as deemed reasonably necessary and prudent by the Corporation upon terms and conditions as deemed necessary, desirable and in the best interest of the Corporation and the funds under its administrative care, including, without limitation, the right to charge interest, impose penalties and charges, and recover reasonable costs as

may be deemed appropriate and in the best interest of the Corporation and the funds administered by it.

Section 11.00. Liberal Application.

The terms and provisions of these rules and regulations shall be liberally construed to allow the Corporation to implement the intended public policy of the programs regulated hereby.

Section 12.00. Severability.

If a court with jurisdiction invalidates any provision of these rules and regulations or their application to any local government unit or circumstance, the remaining rules and regulations will not be affected. The invalidity of any section or sections, or parts of any section or sections, shall not affect the validity of the remainder of these rules and regulations.

The foregoing rules and regulations, after due notice and an opportunity for hearing, are hereby adopted and filed with the Secretary of State of the State of Rhode Island on the to become effective after filing in accordance with applicable law.

RHODE ISLAND ECONOMIC DEVELOPMENT
CORPORATION

Saul Kaplan, Executive Director

Adopted by the Rhode Island Economic Development Corporation Board of Directors on:
November 24, 2008.

Filed with Secretary of State: November 25, 2008



Rhode Island
Economic Development Corporation

Building the 21st Century Innovation Economy

RI Renewable Energy Development Fund

**Prepared by the Rhode Island Economic Development
Corporation**

5 – Year Strategic Plan

Submitted to:

Governor Donald L. Carcieri
RI General Assembly

January 1, 2009

**RI Renewable Energy Development Fund
5 - Year Strategic Plan
Table of Contents**

Summary	2
Introduction	3
Sections	
1. Timeline for year one of the Fund's administration.....	5
2. Fund administration.....	6
3. Funding sources.....	7
4. Program funding.....	9
5. Cost-effective sourcing of renewable energy.....	10
6. Collaboration with renewable energy stakeholders.....	10
Conclusion	11

Attachments: In an effort to save paper, attachments are available at:
<http://www.riedc.com/business-services/renewable-energy>

- A. Select public announcements:
 - 9/08/06 *Carcieri Outlines New Plans to Expand Supplies of Renewable Energy in RI*
 - 3/6/08 *Senate Leadership Unveils Renewable Energy Legislative Package*
 - 6/21/08 *Renewable Energy Bills Headed to Governor's Desk*
 - 9/25/08 *Carcieri Names Deepwater Wind as Developer for Rhode Island's Off-Shore Wind Farm*
 - 10/16/08 *United Natural Foods, Inc. Announces Plans to Relocate Corporate Headquarters to Providence, RI*
 - 12/18/08 *RIEDC Releases Renewable Energy Fund Application*
 - 1/08/09 *Carcieri Signs Development Agreement with Deepwater Wind for Off-Shore Wind Development*

- B. Program rules and regulations

- C. Program funding application

- D. RI general laws
 - S-2852 (as amended)
 - 42-20-8.2
 - 39-2-1.2
 - 39-26-4
 - 23-82-6

Rhode Island Renewable Energy Development Fund

In accordance with RIGL § 28-52¹, the Rhode Island Economic Development Corporation (“the Corporation”), was given the responsibility of establishing and administering the Renewable Energy Development Fund (“the Fund”). The Five-Year Strategic Plan (“the Plan”) presented by the Corporation in accordance with RIGL § 28-52, will seek to fulfill the goals of this legislation and strive to simultaneously be a component of the overall mission of the Corporation *to create a 21st century innovation economy that produces higher wage job opportunities for all Rhode Islanders [and to allow] Rhode Island [to] compete in a global economy where innovation and knowledge are the primary drivers of economic growth.*

This Plan is the first five-year strategic plan for the administration of the Fund. It was developed within the Corporation, and its authors include but are not limited to the Director of the Fund, the Manager of the Fund, the Director of Government Affairs, Policy and Innovation, the (interim) Executive Director, as well as several other key internal parties. The Plan is a working document that will provide overall transparency and accountability of the Corporation’s goals, timeframe and implementation of the Fund’s activities.

The purpose of the Plan shall be to guide the Corporation’s work plan for the Fund to meet its stated goals. The Plan will be upgraded annually and as appropriate, considering the following core components:

- *Integration of local, state and federal policies and programs.* This will allow the Fund to work collaboratively and leverage the resources of other governing bodies, specifically the Rhode Island Office of Energy Resources, pursuant to RIGL § 28-52, and stakeholders with complementary missions and interests.
- *Utilization of diverse renewable energy resources.* Rhode Island has an opportunity leverage its coastal location, natural resources, labor market and other attributes to promote diverse renewable energy projects in the State.
- *Administration of the Fund utilizing a transparent process.* This will allow the Corporation to be open and accountable in the management of the Fund and will be beneficial to the energy industry in the State.

This Plan covers January 1, 2009 – January 1, 2013 and will be followed by a performance and financial report to the Governor and the General Assembly on March 1 of every year which will outline the Corporation’s receipts and expenditures pertaining to the Fund, a list of private consultants engaged by the Fund, a list of staff supported by the Fund, as well as a summary of the Fund’s performance (including accomplishments and shortcomings, project investments, the cost-effectiveness of renewable energy investments by the corporation, and recommendations for improvement.) These goals, plans and procedures shall be adopted by the Executive Director of the Corporation as prescribed in RIGL § 42-20-8.2².

¹ See attachment D

² See attachment D

Introduction

Changing Economy, New Responsibilities

The Governor and the General Assembly have made significant strides in promoting the development of renewable energy. In September of 2006, the Governor announced that the State's commitment to obtaining its energy from renewable sources would increase from its previous goal of 16% by 2019 to 20% by 2014³. In September 2008 the Governor announced *Deepwater Wind* as the preferred developer for Rhode Island's off shore wind farm – a \$1.5 billion project that will produce 1.3 million megawatt hours per year of renewable energy.

The General Assembly has been historically supportive of clean, renewable energy. A number of its members have introduced bills aimed at promoting both small-scale and utility-scale renewable projects. This type of support, from both the Executive and Legislative branches of government is critical in order to further advance renewable energy development in Rhode Island.

It is a critical time for the State as we deal with changes in our local and national economy. These economic conditions are closely tied to energy and energy prices, as volatile energy costs are a reality faced by all Rhode Islanders. In order to prosper in these conditions it is important for the Corporation to be proactive – with a long-term view toward renewable energy development rather than reactive to the short-term fluctuations in unpredictable markets. Investments in renewable energy make sense in both the short and long term. While the Corporation values short-term economic benefits, this plan focuses primarily on a long-term strategic approach towards addressing and capitalizing on opportunities in the following areas:

- **Small business development:** Small to medium sized businesses are the cornerstone of Rhode Island's economy, employing a significant amount of the State's workforce and representing areas of economic growth that fuels our economy. Our small businesses are critical to the State's economic growth and prosperity, and they are the most vulnerable to fluctuating energy prices. However, these businesses also represent one of the greatest opportunities to help develop the renewable energy market in Rhode Island. Our small businesses provide both great demand for renewable technologies, and have the resources, skills and labor force to design, install and manage these projects –across all business sectors. The Corporation believes that through the investment in small businesses, it can promote the development of renewable energy and create a "green sector" Rhode Island's job market.

³ See attachment A

- **The “green” workforce:** Through coordinated investments in renewable energy projects of all types, a green economy will emerge in Rhode Island. This provides the State’s renewable energy auditors, designers, manufacturers, installers, consultants and other “green” professionals with more business opportunities which allow them to gain more expertise in their sector. The Corporation believes that investment in workforce development is equally as important as investment in hard assets and technology. As our schools currently face rising operating costs as well as funding challenges, providing the resources for schools to install renewable energy systems will not only alleviate high energy costs but will provide the opportunity to educate and train the Rhode Island “green” workforce. The Corporation will pay particular attention to the development of educational facilities and training programs that will bolster the “green collar” workforce.
- **Development of “green” affordable housing:** The Corporation intends to promote the development of affordable housing while simultaneously strengthening the renewable energy industry. Providing financial support to affordable housing projects in the short term will make housing more affordable for residents in the long term by decreasing and stabilizing energy costs. Lower, stable energy prices leave more money in tight family budgets.
- **Renewable energy in municipalities and communities:** Municipalities and communities have access to unique projects and sites, as well as the ability to shape local zoning and public policy which can be beneficial to the development of renewable energy. The Corporation intends work with municipalities and communities and to be a financial resource for them as they pursue renewable energy projects.

Investments in the development of renewable energy is sound public policy and in the best interest of the citizens of Rhode Island. The Rhode Island Renewable Energy Fund’s Five-Year Plan is focused on identifying steps that will allow for the development of cost-effective renewable energy and a sustainable market. The Plan provides the guidance and action steps for the Fund that the Corporation will pursue as it invests in cost-effective renewable energy projects in Rhode Island. The Plan focuses on the following areas:

1. *Timeline for year one of the Fund’s administration:* In order to provide an overall framework for the timely adoption of the actions presented by this plan, the Corporation sets forth a timeline for year one of the administration of the Fund.
2. *Fund administration:* Tasked with the responsibility of administering and managing the Fund, the Corporation sets forth its operating plan in order for the Fund to run in an accountable and transparent manner.
3. *Funding sources:* The Corporation sets forth its plan to obtain funding from sources in addition to the payments from Rhode Island’s electricity distribution companies in order to invest a larger amount of capital into

- the development of renewable energy, and to allow for diversification of the types of projects funded.
4. *Program Funding:* The Corporation sets forth its criteria for funding, as well as how the process will take place.
 5. *Cost-effective sourcing of renewable energy:* The Plan sets the framework for developing standard practices for “cost-effectiveness,” examining the term and its various desired benefits.
 6. *Collaboration with renewable energy stakeholders:* The Corporation understands the need for the Fund to establish a network and coalition of renewable energy stakeholders, and sets forth an outline of what this collaboration might look like and what it will accomplish.

1. Timeline for year one of the Fund’s administration

- *January – February 2009:* The Corporation will: consult with the Office of Energy Resources to establish standards for financing renewable energy projects from diverse sources pursuant to RIGL § 28-52; develop and issue the application for funding (Issued by the Corporation: December 18, 2008⁴); assess the current conditions of the renewable energy industry; review the evaluation process for applications for funding in year one; finalize a working agenda for year one; begin collaboration with stakeholders; formulate an investment committee including the Executive Director of the Corporation, the Director of Government Affairs, Policy and Innovation of the Corporation, and the Director of Renewable Energy of the Corporation that will assist in the application review process for year one of this plan.
- *March 2009:* The Corporation will: adopt the agenda set forth in prior months with the approval of the Executive Director of the Corporation; hold early stakeholder meetings; establish a working relationship with Rhode Island Housing for the review and funding of affordable housing applications; submit a performance and financial report to the Governor and the General Assembly on March 1 pursuant to RIGL § 28-52; round one of applications for the municipal and affordable housing programs, as well as for pre-development consultant and technical feasibility studies will be submitted by March 31.
- *April – October 2009:* The Corporation will: begin to implement activities and agreements relating to financing renewable energy projects and will begin to monitor awards; identify any proposed changes to the application or related documents, advise the Executive Director of any recommended changes and hold public meetings if necessary; identify and initiate pursuit of additional funding sources; review and award projects under the Renewable Energy Development Fund as needed through the end of the year.

⁴ See attachment C

- *November 2009:* The Corporation will: monitor the progress of ongoing projects; formally conduct an assessment for the revised plan for 2010; make recommendations to the Executive Director and hold public hearings if necessary.
- *December 2009:* Revised 2010 plan will be adopted by the Executive Director of the Corporation by January 1, 2010.

2. Fund administration

The goal of the Corporation is to ensure that all of the administrative functions of the Fund are executed in a timely, consistent, accurate, transparent and accountable manner. This will be accomplished through the following mechanisms:

- a. *Management of funds:* There are a number of funding sources that are eligible to contribute money into the Fund, and the Corporation expects that funding pool to increase in the future. The Corporation will ensure that the different requirements of each funding source are met and that awards are made in accordance with contributions made by each source.
- b. *Development of rules and regulations:* In order to ensure transparency of the Fund's administration, the Corporation plans to review the existing rules and regulations periodically throughout the five year period as appropriate, taking into account the changing renewable energy industry and varying requests for funding. The Corporation also commits to holding a public comment period as required by the Administrative Procedures Act if Rules changes are necessary, file the final version with the Secretary of State's office and post it on the Corporation's website.
- c. *Development of the application to the Fund:* The most current application to the Fund is available on the Corporation's website, however due to the changing renewable energy environment and lessons learned after every cycle of the application review period, the Corporation will review the application form every 90 days during the five-year period and will issue a revised version of the application on the Corporation's website if appropriate.
- d. *Programs within the Fund:* Through the Rules and Regulations written by the Corporation and pursuant to RIGL § 28-52, the Fund will support projects in the following areas:
 - i Non-Profit Affordable Housing Investment Program
 - ii Municipal Renewable Energy Investment Program
 - iii Pre-development Consultant & Technical Feasibility Program
 - iv Renewable Energy Development Fund

- e. *Approval criteria:* The Corporation will follow the approval criteria as outlined in RIGL § 28-52 and the Rules and Regulations⁵. In an effort to ensure that this criteria is followed, the Corporation will implement a selection system over the five year period, upgraded as appropriate, in order to assure a fair and clear decision-making process.
- f. *Negotiate and manage awards:* In order to make the best use of the funds, the Corporation intends to negotiate the funding, timeline and terms of each project, on a case by case basis - as the Corporation realizes there may be different funding needs for each project. The Corporation will be in communication with awardees in order to agree upon what is appropriate for a thorough and efficient project timeline and performance measures.
- g. *Monitor the effectiveness of the Fund:* The Corporation will monitor the effectiveness of the Fund on an annual basis during the annual review process.
- h. *Monitor state and federal renewable energy policy:* In order to adapt to the changing policies within the state and throughout the country, the Corporation will monitor State and Federal policy making bodies as they relate to the renewable energy industry. This will take place on an ongoing basis, paying particular attention to new state and federal administrations and agendas.
- i. *Establish collaboration with other renewable energy stakeholders:* The Corporation understands that the only way to ensure that the goals of the Fund reflect the real-time market needs of Rhode Island's renewable energy community is to ensure that broad-based coalitions of renewable energy stakeholders are involved in the process. Therefore, the Corporation will comprise a collaborative body over the course of five years and create ways by which to ensure that their perspectives are considered in the review process.
- j. *Develop five-year strategic plans and update them annually:* The Corporation will follow the calendar for the Fund, outlined in RIGL § 28-52. This current five-year plan will be upgraded as appropriate to meet the goals of the legislation, and the Corporation will adopt an annual report of January 1 and submit a performance and financial report to the Governor and General Assembly on March 1 of every year.

3. Funding sources

In accordance with RIGL § 28-52, each electric distribution company includes charges of .3mils per kilowatt-hour which is delivered to fund renewable energy programs. The Fund currently generates an overwhelming majority of capital from this funding source. The Corporation will seek the advice from the Office of Energy Resources in the development of standards and rules for the

⁵ See attachment B

solicitation and award of renewable energy program investment funds pursuant to RIGL § 28-52.

It is the goal of the Corporation to finance projects that are in line with the funding criteria outlined in RIGL § 28-52 and the Fund's Rules and Regulations. Additionally, the Corporation intends to increase the capital available to the Fund by leveraging other existing funding sources, seeking federal funding, attracting private investment and establishing a capital pool.

Integration of public funds: The Corporation has the responsibility to *integrate the management of public funds to promote the expansion and sound development of renewable energy resources* by managing the following sources of funds:

- The electric distribution companies' charges of .3mils per kilowatt-hour which is delivered to fund renewable energy programs as set forth in RIGL § 39-2-1.2⁶
- The renewable energy fund of the renewable energy standard as set forth in RIGL § 39-26-4⁷, Alternative Compliance Payments
- Funds obtained from the sale of allowances under the Regional Greenhouse Gas Initiative to the extent available for renewable energy, as set forth in RIGL § 23-82-6⁸

Prospective additional funding: The Corporation recognizes that the Fund will make a greater impact on the development of Rhode Island-based renewable energy projects if it is capitalized at a larger amount. Having greater resources will allow the Corporation to invest in a greater number of projects and will allow for a diversification of the type of projects supported by the Fund. Additionally, with added funding, the Corporation will be able to leverage financial economies of scale, which increases our ability to deliver cost effective renewable energy to the State.

The Corporation will seek to leverage other sources of financing for the Fund over the next Five Years. Some examples include:

- *Alternative Compliance Payments ("ACP"):* Utility companies can comply with the State's Renewable Energy Standard by either purchasing renewable energy (or Renewable Energy Credits "RECs") or making an Alternative Compliance Payment (ACP) into the Fund. The current published ACP Rate (as published by the RI Public Utilities Commission) is approximately \$59 per megawatt-hour. The current REC price is less than \$59. Because of the price discrepancy between REC and ACP, whenever the REC price is less than the ACP, a utility company would purchase RECs resulting in \$0 ACP funding coming into the Fund. The

⁶ See attachment D

⁷ See attachment D

⁸ See attachment D

Corporation believes there are opportunities to create greater equilibrium between the ACP rate and the current market REC price. This equilibrium would increase the opportunity for ACP payments to come into the Fund, while maintaining a healthy REC market.

- *Regional Greenhouse Gas Initiative ("RGGI"):* The Fund is eligible to receive funds from the RGGI auction. To date there have been no funds contributed from RGGI to the Fund. The Corporation seeks to work with the Office of Energy Resources and the Department of Environmental Management pursuant to RIGL § 28-52 and other State departments to ensure that we receive a portion of the RGGI proceeds under the eligible use of *cost-effective renewable non-carbon emitting energy technologies*.
- *Other State sources:* The State of Rhode Island, through various departments and quasi-public organizations, offer financial resources and incentives for a wide range of economic development initiatives. Many of these initiatives will overlap with the projects that the Fund finances. Where appropriate, the Corporation will seek to secure, cost share or enter into other agreements and partnerships in order to blend resources to facilitate renewable energy projects.
- *Federal sources:* The federal Government provides critical financing and incentives for renewable energy development. The Corporation will remain current on federal funding opportunities and where applicable, will seek federal support to supplement our activities.
- *Private sources:* In addition to public sources, private funding of projects is critical in the cost effective development of renewable energy. The Corporation is in a position to assist project developers with projects that provide opportunities and the financial returns to attract private investment.
- *Renewable Energy Capital Pool:* The Corporation will seek means to authorize and support a capital pool for the Fund that is sufficient enough to rapidly and significantly develop a wide range of identified, "shovel-ready" renewable energy projects.

4. Program Funding

As of the publication of this document there is currently \$4,127,860 in the Fund. The Corporation will seek the advice from the Office of Energy Resources in the development of standards and rules for the solicitation and award of renewable energy program investment funds pursuant to RIGL § 28-52.

The Fund will finance projects in the following areas and amounts:

Program	Funding Amount
Non-Profit Affordable Housing Investment Program	Lesser of 10% of the Fund, or \$200,000 annually
Municipal Renewable Energy Investment Program	Lesser of 50% of the Fund, or \$1,000,000 annually
Pre-development Consultant and Technical Feasibility Program	Lesser of 10% of the Fund, or \$200,000 annually
Renewable Energy Development Fund	The remaining balance of the Fund

Funding Criteria: The Corporation will fund projects based on the funding criteria that is outlined in the Fund's Rules and Regulations. The funding criteria was developed and published to ensure that those projects that provide the greatest economic development benefits and will make it to market in a timely manner will receive funding priority from the Corporation. In accordance with RIGL § 28-52, the Corporation will establish by rule in consultation with the Office of Energy Resources, standards for financing renewable energy projects from diverse sources.

5. Cost-effective sourcing of renewable energy

It is the goal of the Corporation to work with renewable energy stakeholders in Rhode Island to establish standard practices for the term "cost-effective" for investments in diverse renewable energy projects. Throughout the Plan, the Rules and Regulations and the enabling pieces of legislation for the Fund, the term "cost-effective" is widely used. In order to be clear and consistent during the application review process, it will be necessary to constantly be aware of the intent of the term and to consider it as a means of achieving varied benefits. These benefits may include but are not limited to:

- Lower carbon emissions
- Diversity of renewable energy technologies
- Lower price per unit of electricity from renewable sources
- Stable price per unit of electricity over a long-term period
- Creation of "green collar" jobs in Rhode Island

The Corporation will establish a consistent way to measure the benefits of cost-effectiveness when reviewing project applications.

6. Collaboration with Renewable Energy Stakeholders

In order to establish a collaborative environment with identified renewable energy stakeholders in the state, the Corporation intends to create a more formal network that fosters the development, financing, education, collaboration, and overall promotion of renewable energy in Rhode Island. This will allow the Corporation to have a professional base that will keep it up to date with the most recent "on-the-ground" happenings in the marketplace, so

that the Corporation will be able to ensure that its plans, goals and objectives reflect “real-time” market conditions.

A centralized networking system for renewable energy stakeholders will be created through a number of public stakeholders’ meetings held over the course of each year, as well as through the creation of a virtual online forum over the next five years. The Corporation will determine where the online forum will exist by the end of year one. Identified partners in this collaborative effort will include but not be limited to renewable energy developers, business and industry leaders, renewable energy entrepreneurs, banking and financing professionals, design professionals, municipalities and affordable housing financiers and developers.

Conclusion

In summary, the demand for renewable energy has never been greater. Homeowners, businesses, municipalities, educational institutions, non-profit organizations and other entities are all seeking ways to “go green” not just for environmental benefits, but because of the long-term economic benefits. Sourcing our energy from renewable sources will among other things spur job and business creation in the short-term and provide for lower stable energy prices in the long-term.

To date, the Fund currently has \$4,127,860 available. Based on historic data, the Corporation expects to generate approximately \$2.5 million for the Fund annually. The Corporation will work with the Office of Energy Resources, the Department of Environmental Management, the Public Utilities Commission and others to ensure that the Fund integrates state and federal policies and programs, utilizes diverse renewable energy resources, and that the administration of the Fund is transparent and accountable.

The Governor and the General Assembly have been extremely supportive of renewable energy development in the State. The Corporation looks forward to working to fulfill all the goals and objectives that are outlined in this Plan in order to attain the State’s renewable energy goals. Additionally, the Corporation will strive to make policy recommendations to the Governor and the General Assembly when market opportunities arise. This Plan and components of it will be updated on an as-needed basis, and the Corporation will ensure that any changes are effectively communicated to the Governor, the General Assembly and the public.

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2008

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - RHODE ISLAND ECONOMIC
DEVELOPMENT CORPORATION

Introduced By: Senators J Montalbano, Algieri, Walaska, C Levesque, and Bates

Date Introduced: March 12, 2008

Referred To: Senate Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-64-13.2 of the General Laws in Chapter 42-64 entitled "Rhode
2 Island Economic Development Corporation" is hereby amended to read as follows:

3 **42-64-13.2. Renewable energy development fund. --- Renewable energy investment**
4 **coordination. --** ~~The Rhode Island economic development corporation shall, in the furtherance of~~
5 ~~its responsibilities to promote and encourage economic development, establish and administer a~~
6 ~~renewable energy development fund as provided for in section 39-26-7, and may exercise the~~
7 ~~powers set forth in this chapter, as necessary or convenient to accomplish this purpose, and shall~~
8 ~~provide such administrative support as may be needed for the coordinated administration of the~~
9 ~~renewable energy standard as provided for in chapter 26 of title 39 and the renewable energy~~
10 ~~program established by section 39-2-1.2. The corporation, upon the request of any person~~
11 ~~undertaking a renewable energy facility project, may grant project status to the project, and a~~
12 ~~renewable energy facility project which is given project status by the corporation shall be deemed~~
13 ~~an energy project of the corporation.~~

14 (a) Intent. To develop an integrated organizational structure to secure for Rhode Island
15 and its people the full benefits of cost-effective renewable energy development from diverse
16 sources.

17 (b) Definitions. For purposes of this section, the following words and terms shall have the
18 meanings set forth in RIGL 42-64-3 unless this section provides a different meaning. Within this

1 section, the following words and terms shall have the following meanings:

2 (1) "Corporation" means the Rhode Island economic development corporation.

3 (2) "Municipality" means any city or town, or other political subdivision of the state.

4 (3) "Office" means the office of energy resources established by chapter 42-140.

5 (c) Purpose. The corporation is authorized to integrate the management of public funds to
6 promote the expansion and sound development of renewable energy resources by providing
7 coordinated and cost-effective use of funds from:

8 (1) The renewable energy program of the demand side management program as set forth
9 in section 39-2-1.2; and

10 (2) The renewable energy development fund of the renewable energy standard, as set
11 forth in chapter 39-26.

12 (3) The office of energy resources from the sale of allowances under the greenhouse gas
13 initiative act to the extent available for renewable energy, as set forth in chapter 23-82.

14 (d) Renewable energy development fund. – The corporation shall, in the furtherance of its
15 responsibilities to promote and encourage economic development, establish and administer a
16 renewable energy development fund as provided for in section 39-26-7, may exercise the powers
17 set forth in this chapter, as necessary or convenient to accomplish this purpose, and shall provide
18 such administrative support as may be needed for the coordinated administration of the renewable
19 energy standard as provided for in chapter 39-26 and the renewable energy program established
20 by section 39-2-1.2. The corporation may upon the request of any person undertaking a renewable
21 energy facility project, grant project status to the project, and a renewable energy facility project,
22 which is given project status by the corporation, shall be deemed an energy project of the
23 corporation.

24 (e) Duties. The corporation shall, with regards to renewable energy project investment:

25 (1) Establish by rule, in consultation with the office, standards for financing renewable
26 energy projects from diverse sources.

27 (2) Enter into agreements, consistent with this chapter and renewable energy investment
28 plans adopted by the office, to provide support to renewable energy projects that meet applicable
29 standards established by the corporation. Said agreements may include contracts with
30 municipalities and public corporations.

31 (f) Conduct of activities. – (1) To the extent reasonable and practical, the conduct of
32 activities under the provisions of this chapter shall be open and inclusive; the director shall seek,
33 in addressing the purposes of this chapter, to involve the research and analytic capacities of
34 institutions of higher education within the state, industry, advocacy groups, and regional entities,

1 and shall seek input from stakeholders including, but not limited to, residential and commercial
2 energy users.

3 (2) By January 1, 2009, the director shall adopt:

4 (A) Goals for renewable energy facility investment which is beneficial, prudent, and from
5 diverse sources;

6 (B) A plan for a period of five (5) years, annually upgraded as appropriate, to meet the
7 aforementioned goals; and

8 (C) Standards and procedures for evaluating proposals for renewable energy projects in
9 order to determine the consistency of proposed projects with the plan.

10 (g) Reporting. On March 1, of each year after the effective date of this chapter, the
11 corporation shall submit to the governor, the president of the senate, the speaker of the house of
12 representatives, and the secretary of state, a financial and performance report. These reports shall
13 be posted electronically on the general assembly and the secretary of state's websites as
14 prescribed in section 42-20-8.2. The reports shall set forth:

15 (1) the corporation's receipts and expenditures in each of the renewable energy program
16 funds administered in accordance with this section.

17 (2) a listing of all private consultants engaged by the corporation on a contract basis and a
18 statement of the total amount paid to each private consultant from the two (2) renewable energy
19 funds administered in accordance with this chapter; a listing of any staff supported by these
20 funds, and a summary of any clerical, administrative or technical support received; and

21 (3) a summary of performance during the prior year including accomplishments and
22 shortcomings; project investments, the cost-effectiveness of renewable energy investments by the
23 corporation; and recommendations for improvement.

24 SECTION 2. Sections 42-140-3 and 42-140-7 of the General Laws in Chapter 42-140
25 entitled "Rhode Island Energy Resources Act" are hereby amended to read as follows:

26 **42-140-3. Purposes.** -- The purposes of the office shall be to:

27 (1) Develop and put into effect plans and programs to promote, encourage, and assist the
28 provision of energy resources for Rhode Island in a manner that enhances economic well-being,
29 social equity, and environmental quality;

30 (2) Monitor, forecast, and report on energy use, energy prices, and energy demand and
31 supply forecasts, and make findings and recommendations with regard to energy supply diversity,
32 reliability, and procurement, including least-cost procurement;

33 (3) Develop and to put into effect plans and programs to promote, encourage and assist
34 the efficient and productive use of energy resources in Rhode Island, and to coordinate energy

1 programs for natural gas, electricity, and heating oil to maximize the aggregate benefits of
2 conservation and efficiency of investments;

3 (4) Monitor and report technological developments that may result in new and/or
4 improved sources of energy supply, increased energy efficiency, and reduced environmental
5 impacts from energy supply, transmission and distribution;

6 (5) Administer the programs, duties, and responsibilities heretofore exercised by the state
7 energy office, except as these may be assigned ~~by executive order~~ to other departments and
8 agencies of state government;

9 (6) Develop, recommend and, as appropriate, implement integrated and/or
10 comprehensive strategies, including at regional and federal levels, to secure Rhode Island's
11 interest in energy resources, their supply and efficient use, and as necessary to interact with
12 persons, private sector, non-profit, regional, federal entities and departments and agencies of
13 other states to effectuate this purpose;

14 (7) Cooperate with agencies, departments, corporations, and entities of the state and of
15 political subdivisions of the state in achieving its purposes;

16 (8) Cooperate with and assist the state planning council and the division of state planning
17 in developing, maintaining, and implementing state guide plan elements pertaining to energy and
18 renewable energy;

19 (9) Administer, as ~~appropriate~~ assigned by law or executive order, state and federally
20 funded or authorized energy programs, which may include, but not be limited to:

21 (i) The federal low-income home energy assistance program which provides heating
22 assistance to eligible low-income persons and any state funded or privately funded heating
23 assistance program of a similar nature assigned to it for administration;

24 (ii) The weatherization assistance program which offers home weatherization grants and
25 heating system upgrades to eligible persons of low-income;

26 (iii) The emergency fuel program which provides oil deliveries to families experiencing
27 a heating emergency;

28 (iv) The energy conservation program, which offers service and programs to all sectors;
29 and

30 ~~(v) The renewable energy program established under Rhode Island general laws chapter~~
31 ~~39-2;~~

32 (10) Advise the economic development corporation in the development of standards and
33 rules for the solicitation and award of renewable energy program investment funds in accordance
34 with section 42-64-13.2;

1 (11)(40) Develop, recommend, and evaluate energy programs for state facilities and
2 operations in order to achieve and demonstrate the benefits of energy-efficiency, diversification
3 of energy supplies, energy conservation, and demand management; and

4 (12)(44) Advise the governor and the general assembly with regard to energy resources
5 and all matters relevant to achieving the purposes of the office.

6 **42-140-7. Conduct of activities.** -- (a) To the extent reasonable and practical, the
7 conduct of activities under the provisions of this chapter shall be open and inclusive; the
8 commissioner and the council shall seek in addressing the purposes of the office to involve the
9 research and analytic capacities of institutions of higher education within the state, industry,
10 advocacy groups, and regional entities, and shall seek input from stakeholders including, but not
11 limited to, residential and commercial energy users.

12 (b) ~~The commissioner shall, not later than February 1, 2008, adopt, in the manner as set~~
13 ~~forth in section 42-140-9:~~

14 ~~(1) Goals for renewable energy facility investment and/or procurement, which is~~
15 ~~beneficial and prudent, from diverse sources;~~

16 ~~(2) A plan for a period of five (5) years, annually upgraded as appropriate, to meet the~~
17 ~~aforementioned goals; and~~

18 ~~(3) Investment and/or procurement standards and procedures for evaluating proposals for~~
19 ~~renewable energy projects in order to determine the consistency of proposed projects with the~~
20 ~~plan.~~

21 The commissioner shall transmit any unencumbered funds from the renewable energy
22 program under chapter 39-2 to the economic development corporation to be administered in
23 accordance with a the provisions of section 39-2-1.2.

24 SECTION 3. Section 39-2-1.2 of the General Laws in Chapter 39-2 entitled "Duties of
25 Utilities and Carriers" is hereby amended to read as follows:

26 **39-2-1.2. Utility base rate -- Advertising, demand side management and renewables.**

27 -- (a) In addition to costs prohibited in section 39-1-27.4(b), no public utility distributing or
28 providing heat, electricity, or water to or for the public shall include as part of its base rate any
29 expenses for advertising, either direct or indirect, which promotes the use of its product or
30 service, or is designed to promote the public image of the industry. No public utility may furnish
31 support of any kind, direct, or indirect, to any subsidiary, group, association, or individual for
32 advertising and include the expense as part of its base rate. Nothing contained in this section shall
33 be deemed as prohibiting the inclusion in the base rate of expenses incurred for advertising,
34 informational or educational in nature, which is designed to promote public safety conservation of

1 the public utility's product or service. The public utilities commission shall promulgate such rules
2 and regulations as are necessary to require public disclosure of all advertising expenses of any
3 kind, direct or indirect, and to otherwise effectuate the provisions of this section.

4 (b) Effective as of January 1, 2003, and for a period of ten (10) years thereafter, each
5 electric distribution company shall include charges of 2.0 mills per kilowatt-hour delivered to
6 fund demand side management programs and 0.3 mills per kilowatt-hour delivered to fund
7 renewable energy programs. Existing charges for these purposes and their method of
8 administration shall continue through December 31, 2002. Thereafter, the electric distribution
9 company shall establish and after July 1, 2007, maintain two (2) separate accounts, one for
10 demand side management programs, which shall be administered and implemented by the
11 distribution company, subject to the regulatory reviewing authority of the commission; and one
12 for renewable energy programs, which shall be administered by the ~~office of energy resources~~
13 ~~through June 30, 2007 and effective July 1, 2007, economic development corporation pursuant to~~
14 ~~section 42-64-13.2 and~~, shall be held and disbursed by the distribution company as directed by
15 the ~~economic development corporation commissioner of the office of energy resources, with the~~
16 ~~approval, if appropriate, of the trustees of the renewable energy development fund~~, for the
17 purposes of developing, promoting and supporting renewable energy programs.

18 During the ten (10) year period the commission may, in its discretion, after notice and
19 public hearing, increase the sums for demand side management and renewable resources;
20 thereafter, the commission shall, after notice and public hearing, determine the appropriate charge
21 for these programs. The office of energy resources and/or the administrator of the renewable
22 energy programs ~~shall~~ may seek to secure for the state an equitable and reasonable portion of
23 renewable energy credits or certificates created by private projects funded through those
24 programs, ~~and shall develop and execute by July 1, 2007, a plan to make the program self-~~
25 ~~sustaining as of January 1, 2013.~~ As used in this section, "renewable energy resources" shall
26 mean: (1) power generation technologies as defined in section 39-26-5, "eligible renewable
27 energy resources", including off-grid and on-grid generating technologies located in Rhode Island
28 as a priority; (2) research and development activities in Rhode Island pertaining to eligible
29 renewable energy resources and to other renewable energy technologies for electrical generation;
30 or (3) projects and activities directly related to implementing eligible renewable energy resources
31 projects in Rhode Island. Technologies for converting solar energy for space heating or
32 generating domestic hot water may also be funded through the renewable energy programs, so
33 long as these technologies are installed on housing projects that have been certified by the
34 executive director of the Rhode Island housing and mortgage finance corporation as serving low-

1 income Rhode Island residents. Fuel cells may be considered an energy efficiency technology to
2 be included in demand sided management programs. Special rates for low-income customers in
3 effect as of August 7, 1996 shall be continued, and the costs of all of these discounts shall be
4 included in the distribution rates charged to all other customers. Nothing in this section shall be
5 construed as prohibiting an electric distribution company from offering any special rates or
6 programs for low-income customers which are not in effect as of August 7, 1996, subject to the
7 approval by the commission.

8 (c) On or before November 15, 2008, the economic development corporation shall create
9 the municipal renewable energy investment program utilizing the lesser of fifty percent (50%) or
10 one million dollars (\$1,000,000) collected annually from the .3 mils per kilo-watt hour charge for
11 renewable energy programs, to fund qualified municipal renewable energy projects in accordance
12 with this chapter and the following provisions:

13 (1) The municipal renewable energy investment programs shall be administered pursuant
14 to rules established by the economic development corporation. Said rules shall provide
15 transparent criteria to rank qualified municipal renewable energy projects, giving consideration
16 to:

- 17 (i) the feasibility of project completion;
- 18 (ii) the anticipated amount of renewable energy the project will produce;
- 19 (iii) the potential of the project to mitigate energy costs over the life of the project; and
- 20 (iv) the estimated cost per kilo-watt hour (kwh) of the energy produced from the project.

21 Municipalities that have not previously received financing from this program shall be given
22 priority over those municipalities that have received funding under this program.

23 (2) Beginning on January 1, 2009, the economic development corporation shall solicit
24 proposals from municipalities for eligible projects and shall award grants, in accordance with the
25 rules and ranking criteria, of no more than five hundred thousand dollars (\$500,000) to each
26 eligible project.

27 (3) Any funds not expended from the municipal renewable energy investment programs
28 in a given year shall remain in the fund and be added to the balance to be distributed in the next
29 award cycle. For the purposes of this section, qualified municipal renewable energy projects
30 means any project that produces renewable energy resources and whose output of power and
31 other attributes is controlled in its entirety by at least one Rhode Island city or town.

32 (d) On or before November 15, 2008, the economic development corporation shall create
33 the nonprofit affordable housing renewable energy investment program utilizing the lesser of ten
34 percent (10%) or two hundred thousand dollars (\$200,000) collected annually from the .3 mils per

1 kilo-watt hour charge for renewable energy programs to fund qualified nonprofit affordable
2 housing renewable energy projects in accordance with this chapter and the following provisions:

3 (1) The nonprofit affordable housing renewable energy investment programs shall be
4 administered pursuant to rules established by the economic development corporation in
5 consultation with the Rhode Island housing mortgage finance corporation. Said rules shall
6 provide transparent criteria to rank qualified nonprofit affordable housing renewable energy
7 projects, giving consideration to:

- 8 (i) the feasibility of project completion;
- 9 (ii) the anticipated amount of renewable energy the project will produce;
- 10 (iii) the potential of the project to mitigate energy costs over the life of the project; and
- 11 (iv) the estimated cost per kilo-watt hour (kwh) of the energy produced from the project.

12 Nonprofit affordable housing agencies that have not previously received financing from this
13 program shall be given priority over those agencies that have received funding under this
14 program.

15 (2) Beginning on January 1, 2009, the economic development corporation, in consultation
16 with the Rhode Island housing and mortgage finance corporation, shall solicit proposals from
17 eligible nonprofit housing agencies for renewable energy projects and shall award grants, in
18 accordance with the rules and ranking criteria. The economic development corporation shall
19 consult with the Rhode Island housing and mortgage finance corporation in the grant-making
20 process and shall notify the corporation of the awardees.

21 (3) Any funds not expended from the affordable housing renewable energy investment
22 program in a given year shall remain in the fund and be added to the balance to be distributed in
23 the next award cycle. For the purposes of this section, “qualified nonprofit affordable housing
24 renewable energy projects” means any project that produces renewable energy resources and
25 whose output of power and other attributes is controlled in its entirety by at least one nonprofit
26 affordable housing development as defined in section 42-55-3 and is restricted to producing
27 energy for the nonprofit affordable housing development.

28 ~~(e)~~ (e) ~~The commissioner of the office of energy resources~~ executive director of the
29 economic development corporation is authorized and may enter into a contract with a contractor
30 for the cost effective administration of the renewable energy programs funded by this section.
31 ~~The director shall initiate the competitive bid process by the issuance and advertisement of~~
32 ~~specifications and request for proposals, on or before September 1, 2002. The contract resulting~~
33 ~~from the competitive bid process shall be awarded to become effective for a three (3) year period~~
34 ~~commencing no later than January 1, 2003.~~ A competitive bid and contract award for

1 administration of the renewable energy programs may occur every three (3) years ~~thereafter~~, and
2 shall include as a condition that after July 1, ~~2007~~ 2008 the account for the renewable energy
3 programs shall be maintained and administered by the ~~distribution company~~ economic
4 development corporation as provided for in subdivision (b) above. ~~and, with the approval of the~~
5 ~~commissioner of the office of energy resources and the trustees of the renewable energy fund,~~
6 ~~may be administered by the economic development corporation.~~

7 ~~(d)~~ (f) Effective January 1, 2007, and for a period of seven (7) years thereafter, each gas
8 distribution company shall include, with the approval of the commission, a charge of up to fifteen
9 cents (\$0.15) per deca therm delivered to demand side management programs, including, but not
10 limited to, programs for cost-effective energy efficiency, energy conservation, combined heat and
11 power systems, and weatherization services for low income households.

12 ~~(e)~~ (g) The gas company shall establish a separate account for demand side management
13 programs, which shall be administered and implemented by the distribution company, subject to
14 the regulatory reviewing authority of the commission. The commission may establish
15 administrative mechanisms and procedures that are similar to those for electric demand side
16 management programs administered under the jurisdiction of the commissions and that are
17 designed to achieve cost-effectiveness and high life-time savings of efficiency measures
18 supported by the program.

19 ~~(f)~~ (h) The commission may, if reasonable and feasible, except from this demand side
20 management change:

21 (i) gas used for distribution generation; and

22 (ii) gas used for the manufacturing processes, where the customer has established a self-
23 directed program to invest in and achieve best effective energy efficiency in accordance with a
24 plan approved by the commission and subject to periodic review and approval by the
25 commission, which plan shall require annual reporting of the amount invested and the return on
26 investments in terms of gas savings.

27 ~~(g)~~ (i) The commission may provide for the coordinated and/or integrated administration
28 of electric and gas demand side management programs in order to enhance the effectiveness of
29 the programs. Such coordinated and/or integrated administration may after March 1, 2009, upon
30 the recommendation of the office of energy resources, be through one or more third-party entities
31 designated by the commission pursuant to a competitive selection process.

32 ~~(h)~~ (j) Effective January 1, 2007, the commission shall allocate from demand-side
33 management gas and electric funds authorized pursuant to this section 39-2-1.2, an amount not to
34 exceed two percent (2%) of such funds on an annual basis for the retention of expert consultants,

1 and reasonable administrations costs of the energy efficiency and resources management council
2 associated with planning, management, and evaluation of energy efficiency programs, renewable
3 energy programs and least-cost procurement, and with regulatory proceedings, contested cases,
4 and other actions pertaining to the purposes, powers and duties of the council, which allocation
5 may by mutual agreement, be used in coordination with the office of energy resources to support
6 such activities.

7 SECTION 4. Section 39-26-7 of the General Laws in Chapter 39-26 entitled "Renewable
8 Energy Standard" is hereby amended to read as follows:

9 **39-26-7. Renewable energy development fund.** -- (a) There is hereby authorized and
10 created within the economic development corporation a renewable energy development fund for
11 the purpose of increasing the supply of NE-GIS certificates available for compliance in future
12 years by obligated entities with renewable energy standard requirements, as established in this
13 chapter. The fund shall be located at and administered by the Rhode Island economic
14 development corporation in accordance with section 42-64-13.2. ~~and shall have a board of~~
15 ~~trustees of five (5) members as follows: the executive director of the economic development~~
16 ~~corporation, who shall be chairperson; the director of the department of administration or a~~
17 ~~designee of the director; the administrator of the division of public utilities; and two (2) public~~
18 ~~members appointed by the governor with advice and consent of the senate, who shall serve terms~~
19 ~~of three (3) years; provided, however, that no public members may serve more than two (2)~~
20 ~~consecutive (3) three year terms. One of the public members shall be a representative of an~~
21 ~~organization that advocates for renewable energy development. Each member shall hold office~~
22 ~~for the term appointed and until the member's successor shall have been duly appointed and~~
23 ~~qualified, or until the member's earlier death, resignation or removal. Members of the board of~~
24 ~~trustees of the fund shall receive no compensation for the performance of their duties, but may be~~
25 ~~reimbursed for reasonable expenses incurred in carrying out those duties.~~ The board of trustees
26 ~~shall recommend to the~~ economic development corporation: shall:

27 ~~(1) Plans~~ Adopt plans and guidelines for the management and use of the fund in
28 accordance with section 42-64-13.2, and

29 ~~(2) Its evaluation of proposals and/or actions to obligate, use and/or sell, dispose, trade or~~
30 ~~exchange assets held by the fund. The board of trustees shall have the power to adopt, with the~~
31 ~~approval of the economic development corporation, such by laws as may be necessary or~~
32 ~~convenient for the conduct of its affairs.~~

33 (b) The economic development corporation shall enter into agreements with obligated
34 entities to accept alternative compliance payments, consistent with rules of the commission and

1 the purposes set forth in this section; and alternative compliance payments received pursuant to
2 this section shall be trust funds to be held and applied solely for the purposes set forth in this
3 section.

4 (c) The uses of the fund shall include but not be limited to:

5 (1) Stimulating investment in renewable energy development by entering into
6 agreements, including multi-year agreements, for renewable energy certificates;

7 (2) Issuing assurances and/or guarantees to support the acquisition of renewable energy
8 certificates and/or the development of new renewable energy sources for Rhode Island;

9 (3) Establishing escrows, reserves, and/or acquiring insurance for the obligations of the
10 fund;

11 (4) Paying administrative costs of the fund incurred by the economic development
12 corporation or the board of trustees, not to exceed ten percent (10%) of the income of the fund,
13 including, but not limited to, alternative compliance payments.

14 (d) NE-GIS certificates acquired through the fund may be conveyed to obligated entities
15 or may be credited against the renewable energy standard for the year of the certificate provided
16 that the commission assesses the cost of the certificates to the obligated entity, or entities,
17 benefiting from the credit against the renewable energy standard, which assessment shall be
18 reduced by previously made alternative compliance payments and shall be paid to the fund.

19 ~~(e) The trustees, in cooperation and concurrence with the commissioner of the office of~~
20 ~~energy resources, consistent with rules as may be adopted by the commission, develop an~~
21 ~~integrated plan and strategy, by July 1, 2007, for stimulating the development of and financing~~
22 ~~eligible renewable energy resources.~~

23 SECTION 5. Chapter 42-55 of the General Laws entitled "Rhode Island Housing and
24 Mortgage Finance Corporation" is hereby amended by adding thereto the following section:

25 **42-55-5.4. Renewable energy in housing developments.** -- On or before July 1, 2009,
26 the corporation shall establish, in appropriate housing development programs it administers,
27 criteria for priority consideration of housing development proposals which include renewable
28 energy features which are demonstrated to be cost-effective and can be implemented in a
29 reasonable period of time.

30 SECTION 6. This act shall take effect upon passage.

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LC02466/SUB A
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO STATE AFFAIRS AND GOVERNMENT - RHODE ISLAND ECONOMIC
DEVELOPMENT CORPORATION

- 1 This act would develop an organizational structure to provide Rhode Island with the full
- 2 benefits of cost-effective renewable energy development.
- 3 This act would take effect upon passage.

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LC02466/SUB A
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2008 -- S 2852
SUBSTITUTE A

H.

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - RHODE ISLAND ECONOMIC
DEVELOPMENT CORPORATION

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LC02466/SUB A
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Presented by

PROJECT:	Milestones	August	September	October	November	December	January	February	March	April	May	June	July	Total
Policy & Outreach Strategy	1,2,3,4	\$87,009.58	\$63,629.28	\$61,777.10	\$58,174.60	\$78,600.35	\$73,474.60	\$41,852.60	\$50,094.60	\$44,022.70	\$42,419.60	\$38,478.59	\$40,125.81	\$679,686.78
Technological Assessment	1,2	\$11,128.00	\$1,473.54	\$1,473.54	\$1,473.54	\$1,473.54	\$4,333.36	\$4,333.36	\$2,859.82	\$2,859.82	\$2,859.82	\$27,434.83	\$2,859.83	\$64,583.00
Temperature & Salinity Review & Analysis	1,2	\$490.00	\$7,736.13	\$10,810.63	\$7,735.63	\$5,310.63	\$9,946.88	\$5,470.63	\$5,461.88	\$-	\$-	\$-	\$-	\$53,582.38
Sight Screening Mapping Study	1,2,3,4	\$11,380.00	\$11,378.75	\$11,378.75	\$11,254.17	\$11,254.17	\$11,254.17	\$-	\$-	\$-	\$-	\$-	\$-	\$67,900.60
Project Management & Coordination	1,2,3,4	\$4,094.54	\$4,991.04	\$4,093.54	\$4,093.54	\$4,093.54	\$4,093.54	\$4,093.54	\$4,093.54	\$4,093.54	\$4,093.54	\$4,093.54	\$4,093.54	\$50,020.95
Marine Mammal Analysis	1,2	\$-	\$2,806.99	\$2,806.99	\$2,806.99	\$2,806.99	\$2,806.99	\$2,806.99	\$2,237.83	\$2,237.83	\$-	\$-	\$-	\$21,317.58
Geophysical, Geological, Biological & Transportation Analysis	1,2	\$36,524.63	\$36,524.61	\$36,524.60	\$14,738.37	\$14,738.37	\$14,738.36	\$1,916.68	\$1,916.68	\$1,916.68	\$5,692.02	\$5,692.00	\$5,691.98	\$76,614.95
Wind Storm Occurrence & Precipitation Analysis	1,2	\$4,605.00	\$500.00	\$625.00	\$376.00	\$270.00	\$268.75	\$125.00	\$-	\$-	\$-	\$-	\$-	\$6,768.75
Acoustic Noise & Electromagnetic Effects Analysis	1,2	\$-	\$-	\$21,001.75	\$17,170.50	\$10,773.74	\$4,375.50	\$2,484.04	\$-	\$-	\$-	\$17,657.85	\$-	\$73,473.38
Wind Source, Wave and Storm Surge Characterization & Sight Analysis	1,2,3,4	\$30,662.81	\$24,991.15	\$9,856.15	\$9,856.14	\$7,117.81	\$7,117.81	\$7,117.81	\$7,117.81	\$7,117.81	\$7,117.81	\$16,780.31	\$7,117.81	\$143,971.25
Avian Study	1,2,3,4	\$5,937.50	\$-	\$35,401.25	\$27,114.25	\$24,681.50	\$23,431.50	\$23,431.50	\$23,430.25	\$24,678.00	\$24,678.00	\$24,678.00	\$24,679.25	\$262,141
TOTAL MONTHLY CASH		\$191,832.06	\$154,031.49	\$195,749.29	\$154,792.71	\$161,728.63	\$155,841.44	\$93,642.13	\$97,212.38	\$86,925.75	\$86,860.79	\$136,816.12	\$84,568.21	\$1,600,000.00

OCEAN SAMP MILESTONES

- Year One (August 1st, 2008 to July 31, 2009):
- 1.) Complete the mapping of existing uses and critical zones, including transportation corridors, military use, and essential habitats, etc.
 - 2.) Provide draft profiles of all these aspects to complement the maps.
 - 3.) Develop and implement a communication and outreach strategy, including the organization of technical and citizen advisory committees to engage the public throughout the process.
 - 4.) Complete a draft zoning map and draft regulatory standards for guiding renewable energy infrastructure for public review and comment.