



RI Renewable Energy Development Fund

Prepared by the Rhode Island Commerce Corporation

**Annual Financial and Performance Report
For the calendar year ending 12/31/2015**

Submitted to:

Governor Gina M. Raimondo
Speaker Nicholas A. Mattiello
Senate President M. Teresa Paiva-Weed
Nellie M. Gorbea, Secretary of State

March 1, 2016

MEMORANDUM

To: Governor Gina M. Raimondo
Speaker Nicholas A. Mattiello
Senate President M. Teresa Paiva-Weed
Nellie M. Gorbea, Secretary of State

From: **William Ash, *Managing Director of Financial Services –
Commerce RI***

Date: March 1, 2016

Subject: RI Renewable Energy Fund Annual Financial Performance Report

Enclosed you will find the Financial and Performance Report (the "Report") for the Renewable Energy Development Fund (the "Fund") in accordance with RIGL § 42-64-13.2. As prescribed by statute, the Report sets forth the Rhode Island Commerce Corporation's ("Commerce RI") receipts and expenditures for the Fund from January 1, 2015 through December 31, 2015. Additionally, the Report sets forth a summary of annual financial performance, a listing of private consultants engaged by Commerce RI on a contract basis to provide external technical expertise, details of staff engaged with Fund administration, including a summary of clerical, administrative and technical support received.

This report will be posted electronically on the General Assembly and the Secretary of State's websites as prescribed in RIGL § 42-20-8.2. I am available to answer any questions you may have about this report.

Sincerely,



William Ash
Managing Director of Financial Services
Commerce RI

**RI Renewable Energy Development Fund
Annual Financial and Performance Report**

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SUMMARY

By statute RIGL § 28-52, the management of the Renewable Energy Fund (the “Fund”) was transferred to the Rhode Island Economic Development Corporation, now known as the Rhode Island Commerce Corporation (Commerce RI) on July 8, 2008. Commerce RI, in accordance with RIGL § 28-52, and in the furtherance of its responsibilities to promote and encourage economic development, manages the Fund as a program of Commerce RI. As part of this responsibility, Commerce RI provides the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Secretary of State, a financial and performance report, by March 1 of each year.

This financial and performance report covers the period from January 1, 2015 – December 31, 2015. Provided below is a summary of financial activity for the year:

Calendar 2015

BEGINNING FUND CASH BALANCE, 1/1/15	\$ 14,131,147
CASH RECEIPTS	2,666,026
EXPENDITURES	
Renewable Energy Fund Project Awards	2,093,262
Sponsorships/Memberships	115,889
Legal	61,009
Administrative Expenses	232,331
Total Expenditures- per GL	\$ 2,502,491
Adjust Expenditures to Cash basis	10,024
ENDING FUND CASH BALANCE 12/31/15	\$14,304,706
Increase/ (Decrease) in Cash	173,559
ACCRUED EXPENSES	\$ 6,603,214

CASH RECEIPTS

The Fund receives its revenue from the following sources

1. **Electric Distribution Company Renewable Energy Charge**
Per RIGL § 39-2-1.2, effective as of January 1, 2008, and for a period of fifteen (15) years thereafter, each electric distribution company includes charges of 0.3 mills per kilowatt-hour delivered to fund renewable energy programs. Payments are made by Rhode Island’s electric distribution companies on a monthly basis to meet these requirements.

2. **Alternative Compliance Payments**
Per RIGL § 39-26-4, effective in 2007, the Rhode Island’s Renewable Energy Standard (RES) requires 3% of total retail sales to be derived from renewable energy, reaching 16% by 2019 and after. Suppliers may also fulfill their obligation by making alternative compliance payments (“ACP”) to the renewable energy development fund per RIGL§ 39-26-7.

3. **Loan Payments and Others**
As part of the Fund’s activities, it provides recoverable grants and low interest loans to RI Renewable Energy projects. Loan Payments represent principal and minimal interest repayments from successful projects. Others represents investment income and reimbursements.

RI RENEWABLE ENERGY FUND: INCOME SUMMARY

Electric Distribution Renewable Energy Charges	\$ 2,297,772
Alternative Compliance Payments	48,694
Repayment of Loans and Others	319,560
TOTAL INCOME	\$ 2,666,026

EXPENDITURES

Expenditures for the Fund consist of cash payments for the following:

1. Renewable Energy Fund Project Awards

Direct project support for grants, recoverable grants, loans, REF project inspections and other investments made to support the Fund's funding programs—Commercial-scale renewable energy, Small-scale solar, pre-development feasibility studies, and early stage commercialization.

1.1 REF Project Inspectors

The REF works with a Project Inspector hired through a competitive RFP process. This is a necessary project expense due to the increased volume of renewable energy construction projects.

2. Administrative

Direct administrative expenses of the Fund, including but not limited to: staff salaries, office and office supplies, marketing efforts of the fund, and reimbursable expenses, etc.

3. Legal

Direct legal support for the Fund.

4. Sponsorships/Memberships

This expense category includes the Commerce RI's membership to Renewable and Clean Energy industry trade groups and professional affiliations. An example would include the Commerce RI's sponsorship of NECEC's Cleantech Navigate Northeast which is nurturing a regional ecosystem for Cleantech start-ups. Another example is REF's membership in Solar Energy Industry Association (SEIA) and Northeast Sustainability Association (NESEA).

4.1 Office of Energy Resources Consultants

The OER has been granted approval from the Commerce RI Board of Directors to receive REF funds for specific tasks. Coordination between the agencies is required under RIGL §42-140-3. Commerce RI REF and OER in partnership to work with the BW Research Partnership to develop one well-researched report that describes and evaluates the status of Rhode Island's clean energy sector based on primary research and survey data. Including the sponsorship of Smart Power which executes the designing, planning and implementing the Solarize RI project to selected municipalities.

RI RENEWABLE ENERGY FUND: EXPENSE SUMMARY

Renewable Energy Fund Project Awards	\$ 2,093,262
Administrative	\$232,331
Legal	\$61,009
Sponsorships/Memberships	\$115,889
TOTAL EXPENSES	\$ 2,502,491

ACCRUED EXPENSES

The Fund also accounts for its committed expenses – expenses that it has incurred or committed but not yet paid. These include the following:

1. **REF Awards:**

Projects that receive approval from the Commerce RI Board of Directors are not paid out until the renewable energy project is completed and inspected. The Fund accounts for all outstanding liabilities in its budgeting and in this report.

2. **Administrative:**

At the end of the reporting period, the Fund had incurred administrative expenses (ex: salaries, legal, consultants, etc.), which had not been paid. This accrued expense is recognized in this annual report.

Commitments: The Commerce RI Board of Directors approved the formation of the Slater Energy Fund with the REF participating as a limited partner. Renewable Energy Fund (REF) was prepared to invest up to \$3 million if \$5 million in private funds were raised by Slater. The Slater Energy Fund, L.P. (Fund) has been unable to raise the necessary funds to match the Renewable investment and therefore the Renewable Energy Fund has de-obligated the funds and made them available for immediate use to fund commercial-scale, small-scale, pre-development feasibility studies, and early stage commercialization projects.

**RI RENEWABLE ENERGY FUND: ACCRUED EXPENSES and
COMMITMENTS**

REF Awards	\$6,603,214
TOTAL ACCRUED	\$6,603,214

CONSULTANTS

Below is a listing of consultants, the total amounts paid and a description of services that have been contracted by the REF:

1. BW Research Partnership (BW) was hired through a competitive RFP Process to provide Commerce RI and the Office of Energy Resources with significant expertise in conducting surveys and analyzing survey results to research and prepare the first Rhode Island Clean Energy Industry Report (the “Industry Report”). BW was hired to conduct primary and secondary market research and analysis and ultimately write a report that effectively communicates the status of Rhode Island’s emerging clean energy market (Rhode Island Clean Energy 2015 Industry Report). Please see “expenditures” for details on “OER Consultants.

Total Amount Paid to BW Research Partnership: \$39,152

1. SmartPower, Inc., a Connecticut non-profit corporation, to assist Commerce RI’s Renewable Energy Fund with the marketing of its ongoing Solarize project and provide other services as more fully set forth in the Proposal. Please see “expenditures” for details on “OER Consultants.

Total Amount Paid to SmartPower, Inc., \$39,888

2. The Cadmus Consultants was hired through a competitive RFP Process to provide inspection services and quality assurance for projects funded through the REF. Their contract began in August of 2014 and remains active. Total amount located within Renewable Energy Fund Project Awards expenditures in relation to projects.

STAFF, CLERICAL, ADMINISTRATIVE AND TECHNICAL SUPPORT

On an allocated basis the Fund pays for management, clerical, administrative and technical support from Commerce RI. Below is a listing of all dedicated staff employed by the Fund:

Annie Ratanasim: Program Manager (Began in May 2015)

Hannah Morini: Program Manager (Left by July 2015)

Emily Tradd: URI Energy Fellow Intern (Began in January 2015)

PROJECT INVESTMENTS

In 2015, the REF awarded funds to 357 applications totaling \$5,740,543 grants and loans representing 6,087kW of grid-connected renewable energy.

The Small Scale Solar program approved awards for 320 projects in 2015 with grants totaled at \$2,426,145. Seventeen solar installers participated in the program. Please see **Attachment 1** for specific awards. Additionally, Rhode Island companies are hired to work on individual projects. These companies include electricians, electrical engineers, structural engineers, roofing companies, hired installers, project developers, and surveyors.

The Commercial Scale program approved awards for 37 solar projects ranging from 10-288kW and grants totaled at \$3,314,398. The commercial program is marketed to businesses, municipalities, schools, and other entities as a way to manage and control utility bills through the installation of renewable energy. Please see **Attachment 2** for specific commercial scale awards.

PERFORMANCE SUMMARY

In 2015, the Fund sought to build upon its existing success in the overall management of the program, and to work with stakeholders on developing and implementing new and improved funding programs.

Specific areas in which the REF made achievements:

1. **Administration:** Hired a new Program Manager to monitor all REF projects post-award. Currently one full time employee. Hiring one part time Project Coordinator employee in the start of January 2016 in addition to a new URI Energy Fellow Intern.
2. **Process and Transparency:** Updated written Policies and Procedures for the REF. These accompany the Rules and Regulations implemented in December of 2013. In the process of creating a REF Program Manual for applicants as a comprehensive approach to the entire application overview.
3. **Program Improvements:** The REF hosts quarterly solar stakeholder meetings and through feedback directly from the industry, changes to future solicitations were made. These changes improved and streamlined the application process for solar installers and reduced the staff time REF spends reviewing applications. In addition, an internal project approval system has been put in place which has been beneficial to the time flow of approving projects. Streamlining procedures are on a continuous progress for efficiency.
4. **Program Development:** The REF Rules and Regulations strive for greater predictability and reliability in the renewable energy industry by establishing programs that will be available for 3 years. All specific funding program details are released in “Requests for Projects” which allow Commerce RI to adapt and improve the REF more regularly while leaving the overall programs intact for no fewer than three years. Funding schedules and deadlines for the RFPs are available on Commerce RI’s website.

Commerce RI completed its statutorily identified administrative responsibilities of the Fund:

Deadline	Deliverable	Status
January 1, 2016	A 5 Year Strategic Plan, updated as needed	Completed
March 1, 2016	A financial and performance report	Completed, on time

RECOMMENDATIONS FOR IMPROVEMENT

Commerce RI strives to improve programmatic viability of the Renewable Energy Fund on a continual basis. This is accomplished through robust stakeholder interactions, transparent policies and procedures, and ongoing education and implementation of best practices.

Furthermore, Renewable Energy Fund staff was involved with development of the Comprehensive State Energy Plan as a member of the Steering Committee. This process has been orchestrated by the Office of Energy Resources. At this time, due to the on-going nature of this project, REF staff feels it is too early to make any long term strategy recommendations aside from the State Energy Plan.

Attachment 1: Small Scale Solar Project Awards (Commitments in CY 15)

Project #	Applicant	# of projects	REF Award	Total Development Costs
6-138	Sol Power	1	\$ 6,440.00	\$ 21,990.00
6-139	RGS Energy	49	348,843.00	1,259,019.00
6-140	Newport Solar	16	122,855.00	528,641.00
6-141	Newport Renewables	1	1,610.00	6,650.00
6-142	SunWatt Solar	1	5,790.00	21,399.00
6-143	Newport Solar	15	116,239.25	398,026.25
6-144	RGS Energy	43	324,037.25	1,265,030.48
6-145	Sol Power	14	102,455.00	352,928.00
6-146	US Solar Works	1	10,000.00	72,450.00
6-147	Newport Renewables	1	6,882.75	22,443.75
6-149	SunWatt Solar	3	24,018.00	80,162.00
6-150	E2SOL LLC	1	9,522.00	49,750.00
6-151	Newport Solar	12	91,860.00	250,753.00
6-152	Sol Power	24	193,349.00	665,365.00
6-153	RGS Energy	11	84,459.00	383,268.82
6-154	Renewable Energy Solutions	4	39,338.00	200,159.87
6-155	SunWind	1	3,726.00	18,000.00
6-156	SunWatt Solar	1	6,578.00	22,880.00
6-157	Newport Renewables	8	60,968.75	220,219.50
6-158	US Solar Works	3	26,601.40	139,899.00
6-160	Newport Solar	8	57,196.75	156,505.65
6-161	A Plus Electric	1	8,280.00	24,033.62
6-162	Sol Power	38	276,338.75	930,631.55
6-164	Alternative Clean Energy Solar Store	3	25,502.00	82,132.93
6-165	RGS Energy	3	19,688.00	72,656.17
6-166	Newport Renewables	1	10,000.00	60,705.00
6-167	US Solar Works	1	10,000.00	42,765.00
6-169	Alternative Clean Energy Solar Store	2	18,239.00	54,686.00
6-170	Direct Energy Solar	19	146,244.25	557,397.65
6-171	Easter CT Solar	2	19,315.00	59,945.00
6-172	Bright Planet Solar	1	9,269.00	21,198.00
6-173	E2SOL LLC	1	8,004.00	45,149.00

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6-174	Newport Solar	9	72,885.00	206,715.95
6-175	Acushnet Alternative Heating	1	10,000.00	49,590.00
6-176	BCX Energy	1	10,000.00	44,660.00
6-177	SunWatt Solar	2	12,259.00	43,204.00
6-178	Newport Renewables	1	6,670.00	20,880.00
6-179	Moonworks	3	19,702.55	152,614.00
6-180	Sol Power	2	16,227.25	62,344.00
6-181	RGS Energy	9	68,082.25	350,636.35
6-182	US Solar Works	2	16,670.00	96,101.00
TOTAL		320	\$ 2,426,145.20	\$ 9,113,585.54

Attachment 2: Commercial Scale Renewable Energy Project Awards (Commitments in CY 15)

Project #	Applicant	Size in kW	REF Award	Total Development Costs
7-133	Knight Farm	67.60	\$ 75,100.00	\$ 200,000.00
7-134	Fox Hill Farm	19.25	24,062.50	87,162.50
7-136	Supreme Mid-Atlantic Corp.	153.00	152,100.00	485,000.00
7-137	RITBA	504.00	314,100.00	1,209,600.00
7-138	W. Greenwich Animal Hospital	10.92	12,558.00	42,700.00
7-139	The Bazar Group	288.42	227,868.00	1,124,838.00
7-140	Natco Home Furnishings	522.00	321,300.00	1,152,699.00
7-141	Cornerstone Inn	55.80	63,300.00	175,770.00
7-142	Cornerstone Self Storage	44.30	50,945.00	139,640.00
7-143	Lucy's Hearth	29.64	34,066.00	103,147.00
7-144	Lincoln School	49.84	57,316.00	209,520.00
7-145	Quest Montessori School	49.84	57,316.00	199,450.00
7-146	St. Michael's Country Day School	10.26	11,799.00	46,170.00
7-147	The Pennfield School	23.94	27,531.00	109,748.00
7-148	Our Lady of Mount Carmel School	45.60	52,440.00	190,865.00
7-149	The Moses Brown School	100.00	107,500.00	383,000.00
7-150	St. Clair Annex	36.90	42,435.00	125,460.00
7-152	Herbold Meckesheim USA	24.91	25,760.00	86,240.00
7-153	Small Axe Productions	22.02	19,992.75	59,109.00
7-154	New Shoreham-The Block Island School	39.70	57,500.00	271,600.00
7-155	PRI Gatewood Apartments	75.00	82,500.00	199,500.00
7-156	PRI Bear Hill Village	200.00	182,500.00	532,000.00
7-157	PRI Metcalf Courts	100.00	107,500.00	266,000.00
7-158	PRI Indian Run Village	250.00	212,500.00	665,000.00
7-159	Andrea Bond Winery	119.70	13,765.50	43,295.00
7-160	Cranston High-West	49.84	57,316.00	219,250.00
7-161	St. Mary Academy-Bay View	49.28	56,672.00	198,450.00
7-162	Harmony Hill School	47.07	54,096.00	216,000.00
7-164	Sherman Plaza	108.80	115,150.00	272,500.00
7-165	Howland	159.60	156,720.00	566,685.00
7-166	Lacroix- Providence	32.39	37,242.75	131,215.00
7-167	Lacroix- Gloucester	23.46	26,979.00	90,565.00
7-168	Riverfront Capital	114.14	119,400.00	310,971.00

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7-169	AAA Northeast	200.12	185,068.20	830,515.00
7-170	The Green Company	14.79	17,008.50	61,389.00
7-171	The Tile Shop	135.47	137,649.50	363,866.00
7-172	Donovan & Sons, Inc.	15.08	17,342.00	58,812.00
TOTAL # of Projects: 37		3,792.68	\$ 3,314,398.70	\$ 11,427,731.50