



RI Renewable Energy Development Fund

Prepared by the Rhode Island Commerce Corporation

**Annual Financial and Performance Report
For the calendar year ending 12/31/2017**

Submitted to:

Governor Gina M. Raimondo
Speaker Nicholas A. Mattiello
Senate President Dominick J. Ruggiero
Secretary of State Nellie M. Gorbea

March 1, 2018

MEMORANDUM

To: Governor Gina M. Raimondo
Speaker Nicholas A. Mattiello
Senate President Dominick J. Ruggiero
Secretary of State Nellie M. Gorbea

From: **William Ash, *Managing Director of Financial Services*** –
Rhode Island Commerce Corporation

Date: March 1, 2018

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, 2017 through December 31, 2017. Additionally, the Report provides a summary of annual financial performance, a listing of private consultants engaged by Commerce RI for technical expertise, and details of staff engaged with Fund administration.

This report will be posted electronically on the General Assembly and the Secretary of State websites as prescribed in RIGL § 42-20-8.2.

Sincerely,



William Ash
Managing Director of Financial Services
Rhode Island Commerce Corporation

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

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SUMMARY

Pursuant to RIGL § 42-64-13.2, 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 § 42-64-13.2, and in the furtherance of its responsibilities to promote and encourage economic development, manages the Fund as a program of Commerce RI. As required by RIGL § 42-64-13.2(f), 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, 2017 – December 31, 2017. Provided below is a summary of financial activity for the year:

Calendar 2017

BEGINNING FUND CASH BALANCE, 1/1/17	\$ 13,123,018
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<u>CASH RECEIPTS</u>	5,448,612
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EXPENDITURES

Renewable Energy Fund Project Awards	5,584,219
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Consultant Services	108,925
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Legal	54,000
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Administrative Expenses	203,624
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Total Expenditures- per general ledger	5,950,768
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Adjust Expenditures to Cash basis	214,513
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ENDING FUND CASH BALANCE 12/31/17	<u>\$ 12,835,375</u>
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Increase/ (Decrease) in Cash	(287,643)
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ACCRUED EXPENSES	<u>\$ 10,207,065</u>
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CASH RECEIPTS

The Fund receives its revenue from the following sources

1. **Electric Distribution Company Renewable Energy Charge**
Per RIGL § 39-2-1.2(b), 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 monthly 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, and increasing that percentage by increments until reaching 40% in 2035. 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 interest repayments from successful projects. Other sources of payment are investment income and reimbursements.
4. **Regional Greenhouse Gas Initiative (RGGI)**
A Memorandum of Understanding was made among the Rhode Island Office of Energy Resources (“OER”), the Rhode Island Department of Administration (“DOA”), and the Rhode Island Commerce Corporation (“CommerceRI”) effective as of July 1, 2017 whereby, Section 5.4.2.a of the 2017-A Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds (“2017-A RGGI Plan”) provides that the approved amount between OER and CommerceRI shall be allocated to the Rhode Island Commerce Corporation’s Renewable Energy Fund (REF), which is dedicated to increasing the role of renewable energy throughout the state.

RI RENEWABLE ENERGY FUND: INCOME SUMMARY

Electric Distribution Renewable Energy Charges	2,210,882
Alternative Compliance Payments	88,064
Repayment of Loans and Others	124,394
Regional Greenhouse Gas Initiative	3,025,271
TOTAL INCOME	\$ 5,448,612

EXPENDITURES

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

1. Renewable Energy Fund Project Awards

Direct project support for grants, loans, REF project inspections and other investments made to support the Fund's programs including Commercial-Scale renewable energy and Small-Scale solar.

1.1 REF Project Inspectors

The REF works with a Project inspector. The inspection process ensures construction projects are meeting all necessary code requirements

2. Administrative

Direct administrative expenses of the Fund, include but are not limited to: staff salary and benefits, office supplies, marketing costs, and reimbursable expenses.

3. Legal

Direct legal support for the Fund.

CONSULTANTS

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

- 1. Office of Energy Resources ("OER") 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. REF and OER contract with BW Research Partnership, Inc. to develop a single report that describes and evaluates the status of Rhode Island's clean energy sector based on primary research and survey data. REF and OER also partner to sponsor Smart Power which executes the designing, planning and implementing the Solarize RI project in selected municipalities.
- 2. BW Research Partnership, Inc. (BW)**- hired for expertise in conducting surveys and analyzing survey results. BW was hired to conduct primary and secondary market research and analysis and write a report that effectively communicates the status of Rhode Island's emerging clean energy market (Rhode Island Clean Energy 2017 Industry Report). Please see details on "OER Consultants". For the period ending December 31, 2017, the total amount paid to BW Research Partnership was \$20,980.
- 3. 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. For the period ending December 31, 2017, the total amount paid to SmartPower, Inc., was \$87,945.
- 4. The Cadmus Group, Inc.** - hired to provide inspection services and quality assurance for projects funded through REF. Inspection payments are included under project award expenditures. For the period ending December 31, 2017, the total amount paid to the Cadmus Group, Inc. was \$256,646.

RI RENEWABLE ENERGY FUND: EXPENSE SUMMARY

Renewable Energy Fund Project Awards	5,584,219
Administrative	203,624
Legal	54,000
Consultant Services	108,925
TOTAL EXPENSES	\$ 5,950,768

ACCRUED EXPENSES

The Fund accounts for committed expenses – expenses incurred or awarded but not yet paid. These include the following:

1. **REF Awards:**
 Funds are considered committed when projects receive approval from either the Commerce RI Board of Directors, or from Commerce RI Executive staff and the REF Program Manager. Funds are not paid out until the renewable energy project is completed and inspected.

2. **Administrative:**
 Administrative expenses including salaries, benefits, legal costs, consultants, etc. are considered committed upon performance and any unpaid balances are included as accrued expenses in the report.

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

REF Awards	10,207,065
TOTAL ACCRUED	\$ 10,207,065

STAFF, CLERICAL, ADMINISTRATIVE AND TECHNICAL SUPPORT

The Fund pays for management, clerical, administrative, and technical support provided by Commerce RI based on a time and effort allocation of costs. Below is a listing of all dedicated staff employed by the Fund:

Program Manager	Annie Ratanasim
Project Coordinator	Emily Tradd
URI Energy Fellow Intern	Mabel Hodnett

PROJECT INVESTMENTS

For the period ending December 31, 2017, REF awarded funds to 244 applicants totaling \$4,362,245 for 18,051.60 kW of grid-connected renewable energy. Projects pending approval are not included in the totals.

The Small-Scale Solar program approved 204 projects and grant awards in calendar year 2017 totaled \$1,351,935. Please see **Attachment 1** for specific awards.

Eighteen (18) solar installer companies participated in the program. Rhode Island companies worked on individual projects as electricians, electrical engineers, structural engineers, roofers, installers, project developers, and surveyors.

The Commercial Scale program approved forty (40) solar projects providing 16,570.155kW, awards totaled \$3,010,310 in calendar year 2017. Nineteen (19) solar installer companies participated in the program. The commercial program is marketed to businesses, municipalities, schools, and other entities to manage and control utility bills through the installation of renewable energy. Please see **Attachment 2** for specific Commercial scale awards.

PERFORMANCE SUMMARY

In 2017, the focus was on working with stakeholders to develop and implement new and improved funding programs.

1. **Administration:** REF staff consisted of two full-time employees, which decreased to one full-time employee by April 2017 and gained one URI Energy Fellow Intern in January.
2. **Process and Transparency:** Rules and Regulations implemented in December 2013 were amended mid-2016 with an effective date being January 26, 2017.
3. **Program Improvements:** REF made changes to the future solicitation process based on feedback received directly from industry hosts during quarterly solar stakeholder meetings. These changes improved and streamlined the application process and reduced the staff time reviewing applications. In addition, an internal project approval process has been put in place which significantly reduced the time from application to award approval. Fund management continuously looks to streamline procedures and improve program efficiency.
4. **Program Development:** REF rules and regulations strive to improve industry predictability and reliability by establishing programs that are available for several years.

Commerce RI completed its statutorily identified administrative responsibilities for the Fund for the preceding year:

Deadline	Deliverable	Status
March 1, 2017	A financial and performance report	Completed, on time

RECOMMENDATIONS FOR IMPROVEMENT

Commerce RI's goal is to continuously improve the capability and impact of the Renewable Energy Fund. This is accomplished through robust stakeholder interactions, transparent policies and procedures, and ongoing education and implementation of best practices.

REF staff have been actively involved in the development of the Comprehensive State Energy Plan as orchestrated by the Office of Energy Resources. Due to the on-going nature of the project, it is deemed premature to make long-term strategy recommendations outside of the Comprehensive State Energy Plan.

Attachment 1: Small Scale Project Awards (Commitments in CY 17)

Project #	Applicant	# of projects	REF Award	Total Development costs
6-230	Eastern CT Solar	1	\$ 10,000.00	\$ 31,216.00
6-231	Alternative Clean Energy Solar Store	1	\$ 5,670.00	\$ 26,335.00
6-232	Newport Solar	3	\$ 25,834.00	\$ 68,140.50
6-233	New England Clean Energy	1	\$ 9,418.50	\$ 46,304.00
6-234	SolPower	6	\$ 48,329.00	\$ 198,099.00
6-235	RGS Energy	15	\$ 106,887.50	\$ 387,725.65
6-236	SunWatt	3	\$ 21,577.50	\$ 73,368.00
6-237	RI Solar Solutions	9	\$ 63,758.75	\$ 241,218.00
6-238	Bright Planet Solar	1	\$ 6,699.00	\$ 23,861.00
6-239	Sol Power	5	\$ 37,913.00	\$ 149,183.00
6-240	Renewable Energy Services of New England	2	\$ 15,141.00	\$ 45,894.00
6-241	New England Clean Energy	1	\$ 10,000.00	\$ 37,827.00
6-242	Newport Solar	3	\$ 22,375.50	\$ 63,884.00
6-243	US SolarWorks	1	\$ 10,000.00	\$ 72,036.00
6-244	RGS Energy	5	\$ 27,850.00	\$ 101,764.03
6-245	SunWatt	1	\$ 5,176.50	\$ 20,213.00
6-246	RGS Energy	23	\$ 146,230.00	\$ 657,511.21
6-247	Newport Solar	10	\$ 62,560.00	\$ 185,903.49
6-248	RI Solar Solutions	7	\$ 48,510.00	\$ 195,906.50
6-249	SunWatt	4	\$ 30,000.00	\$ 117,730.00
6-250	Sol Power	18	\$ 113,760.00	\$ 377,840.00
6-251	Solar City	3	\$ 17,900.00	\$ 73,164.96
6-252	Entech Engineering	3	\$ 14,840.00	\$ 73,568.90
6-253	Renewable Energy Services of New England	1	\$ 8,000.00	\$ 31,680.00

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6-254	New England Clean Energy	1	\$ 4,320.00	\$ 25,667.00
6-255	Eastern CT Solar	1	\$ 6,300.00	\$ 24,255.00
6-256	Southern Light Solar	3	\$ 21,985.00	\$ 96,492.00
6-257	Hillview Environmental	1	\$ 6,840.00	\$ 29,160.00
6-258	Sol Power (PENDING)	11	\$ 63,540.00	\$ 250,350.00
6-259	RGS Energy	8	\$ 43,810.00	\$ 180,378.03
6-260	Hillview Environmental	7	\$ 51,900.00	\$ 218,286.00
6-261	SunWatt	6	\$ 47,440.00	\$ 266,282.00
6-262	Bright Planet Solar	21	\$ 127,065.00	\$ 542,716.75
6-263	Newport Solar	2	\$ 10,900.00	\$ 35,509.10
6-264	RI Solar Solutions	8	\$ 49,415.00	\$ 207,399.55
6-265	Gotsun- GoSolar	2	\$ 16,000.00	\$ 43,241.00
6-266	Southcoast Greenlight Energy	2	\$ 15,580.00	\$ 54,581.00
6-267	New England Clean Energy	2	\$ 12,410.00	\$ 56,810.00
6-268	Hannah Solar	2	\$ 6,000.00	\$ 20,434.00
TOTALS:		204	\$ 1,351,935.25	\$ 5,351,934.67

Attachment 2: Commercial Scale Project Awards (Commitments in CY 17)

Project #	Applicant	Size in KW	REF Award	Total Development Costs
7-227	Mills Coffee Roasters Co.	39.24	\$ 41,202.00	\$ 133,240.00
7-228	Laurel Lane Country Club	121.8	\$ 113,850.00	\$ 484,288.00
7-229	Advanced Engineering Group	24.48	\$ 25,641.00	\$ 81,272.00
7-230	Country View Golf Course	60.9	\$ 62,310.00	\$ 308,557.00
7-231	BCPStor Development, LLC	151.2	\$ 135,720.00	\$ 375,000.00
7-232	Pleasant Rentals	28.16	\$ 29,568.00	\$ 80,000.00
7-233	KB Properties	307.5	\$ 200,000.00	\$ 630,375.00
7-234	Peacedale Mills	291.9	\$ 200,000.00	\$ 560,000.00
7-235	Chepachet Professional Buildings	60.2	\$ 61,650.00	\$ 167,500.00
7-236	Lippit Ave 1	5328	\$ 100,000.00	\$ 9,275,000.00
7-237	Lippit Ave 2	5328	\$ 100,000.00	\$ 9,275,000.00
7-238	PCL Fixtures	300	\$ 200,000.00	\$ 600,000.00
7-239	Sail Newport	37.975	\$ 27,084.75	\$ 94,550.00
7-240	Herrick and White	239.76	\$ 182,892.00	\$ 757,292.00
7-241	Horseshow Farm Investment, LLC	48.96	\$ 51,408.00	\$ 183,990.00
7-242	Grandin Landscape	13.2	\$ 13,860.00	\$ 50,160.00
7-243	Extra Space Management, Inc.	110.16	\$ 105,120.00	\$ 450,554.40
7-244	John Andrade Insurance Agency Inc.	10.08	\$ 10,584.00	\$ 46,300.00
7-245	Ocean State Veterinary Specialists	135.3	\$ 130,370.00	\$ 504,500.00
7-246	TMT Enterprises, INC.	78.12	\$ 73,902.00	\$ 237,800.00
7-247	State of Rhode Island and Providence Plantations	48.96	\$ 48,960.00	\$ 243,795.00
7-248	Packaging and More, Inc.	29.24	\$ 29,240.00	\$ 114,000.00
7-249	E.M.T. Realty, Incorporated (Thurston Sails)	40	\$ 40,000.00	\$ 114,000.00
7-250	Barry's Automotive Group, Inc	168	\$ 137,400.00	\$ 375,640.00
7-251	Finlay Extracts & Ingredients USA, Inc.	139.2	\$ 119,940.00	\$ 363,312.00

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7-252	Southern Sky Renewable Energy RI- Plainfield Pike-Johnston, LLC	2734	\$ 75,000.00	\$ 4,101,000.00
7-253	Rhode Island Public Transit Authority (PENDING)	28.9	\$ 42,800.00	\$ 171,200.00
7-254	State of Rhode Island Office of the Attorney General	100.5	\$ 92,850.00	\$ 375,000.00
7-255	D&P Liquors Inc	49.68	\$ 49,680.00	\$ 163,944.00
7-256	Little Grange Farm	19.8	\$ 19,800.00	\$ 72,270.00
7-257	International Yacht Restoration School	56	\$ 55,100.00	\$ 112,000.00
7-258	Knock on Wood Furniture Inc	44.7	\$ 44,700.00	\$ 125,000.00
7-259	Shanix, Inc	60	\$ 58,500.00	\$ 155,950.00
7-260	Community Baptist Church (PENDING)	27	\$ 27,000.00	\$ 95,000.00
7-261	Cottrell Homestead LLC	25.2	\$ 25,200.00	\$ 87,360.00
7-262	Carpenters Farm Enterprises (PENDING)	32.4	\$ 32,400.00	\$ 113,400.00
7-263	Extra Space Management, Inc.	73.44	\$ 69,924.00	\$ 315,057.60
7-264	All Outdoors Power Equipment Co.	31.2	\$ 31,200.00	\$ 102,688.50
7-265	INARUT, LLC. dba Kingston Cleaners	27.6	\$ 27,600.00	\$ 92,476.00
7-266	INARUT, LLC. dba On A Roll, LLC.	41.7	\$ 41,700.00	\$ 129,748.00
7-267	Wood River Animal Hospital, Inc.	17.4	\$ 17,400.00	\$ 58,555.36
7-268	Town of Westerly	60.3	\$ 58,755.00	\$ 171,162.00
TOTALS:		16,570.155	\$ 3,010,310.75	\$ 31,947,936.86