

**RHODE ISLAND GOVERNMENT REGISTER
PUBLIC NOTICE OF PROPOSED RULEMAKING**

COMMERCE CORPORATION

Title of Rule: Rules and Regulations for the Renewable Energy Development Fund Programs (870-RICR-20-00-1)

Rule Identifier: 870-RICR-20-00-1

Rulemaking Action: Proposed Amendment

Important Dates:

Date of Public Notice: 11/29/2018

End of Public Comment: 12/29/2018

Authority for this Rulemaking:

R.I. Gen. Laws §§ 42-64-13.2; 39-2-1.2; and R.I. Gen. Laws Chapter 39-26

Summary of Rulemaking Action:

REF- Amended Rules and Regs 2018

Below is a list of the substantive changes:

Deletions:

1. (Sections 1.6.D; 1.7.D) Energy Audits

- Currently REF requires that project owners undergo an energy audit which requires a time to be scheduled by the auditor and the owners.
- There is a large backlog of applications due in part to this specific requirement and the volume of applications for the REF programs.
- We would propose that the energy audits be offered as an option and not as a requirement.

2. (Sections 1.6.D; 1.7.D) The requirement of an ROI/simple payback assuming no more than 3% utility inflation rate is no longer relevant to the application process and should be removed.

Additions of New Programs:

1. (Section 1.11) Workforce Development Program providing internships for Rhode Island students.
2. (Section 1.10) Brownfields Solar PV Program providing incentives for the use of impacted sites for photovoltaic generation
3. (Section 1.7.C) Commercial Scale- Expanding eligible technologies to include Solar Water Heaters or Solar Domestic Hot Water (SDHW).
4. (Section 1.6.C) Small scale- Expanding eligible technologies to include Solar energy and associated battery storage

Additional Information and Comments:

All interested parties are invited to request additional information or submit written or oral comments concerning the proposed amendment until December 29, 2018 by contacting the appropriate party at the address listed below:

Michael Walker
Commerce Corporation
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Providence, RI 02908
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In accordance with R.I. Gen. Laws § 42-35-2.8, an oral hearing will be granted if requested by twenty-five (25) persons, by an agency or by an association having at least twenty-five (25) members. A request for an oral hearing must be made within thirty (30) days of this notice.

Regulatory Analysis Summary and Supporting Documentation:

No additional analysis was conducted on this amendment.

For full regulatory analysis or supporting documentation see agency contact person above.

870-RICR-20-00-1

TITLE 870 – COMMERCE CORPORATION

CHAPTER 20 – LOANS AND GRANTS

SUBCHAPTER 00 – N/A

PART 1 – Rules and Regulations for the Renewable Energy Development Fund Programs

1.1 Authority

These Rules and Regulations are promulgated and adopted pursuant to the requirements and provisions of R.I. Gen. Laws §§ 42-64-13.2; 39-2-1.2; and R.I. Gen. Laws Chapter 39-26.

1.2 Purpose, Scope and Applicability

- A. The purpose and scope of the Renewable Energy Development Fund as set forth in R.I. Gen. Laws Chapter 42-64 are as follows:
1. To develop an integrated organizational structure to secure for the State of Rhode Island and its people the full benefits of cost-effective renewable energy development from diverse sources.
 2. The Rhode Island Commerce Corporation ("RICC") shall, in the furtherance of its responsibilities to promote and encourage economic development, establish and administer a Renewable Energy Development Fund as provided for in R.I. Gen. Laws § 39-26-7, may exercise the powers set forth in that chapter, as necessary or convenient to accomplish this purpose, and shall provide such administrative support as may be needed for the coordinated administration of the renewable energy standard as provided for in R.I. Gen. Laws Chapter 39-26 and the renewable energy program established by R.I. Gen. Laws § 39-2-1.2.
 3. The Corporation seeks to fulfill its legal obligations by providing and administering programs in seven five (75) areas as part of the renewable energy fund:
 - a. Small-scale Solar
 - b. Commercial Scale

- c. Community ~~R~~Renewables
- d. Pre-development ~~F~~Easibility ~~S~~Studies
- e. Early ~~S~~Stage ~~C~~ommercialization
- f. Workforce Development
- g. Brownfields Solar

1.3 Key Definitions

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

1. “Add-on systems” means adding solar panels to an existing solar photovoltaic or solar hot water system.
2. “Affordable housing” means any affordable housing or low and moderate income housing as defined in R.I. Gen. Laws Chapters 42-128 or 45-53, or such other superseding statutes as may be implemented by the State of Rhode Island from time to time.
3. “Brownfield” means a property with which the expansion, redevelopment, or reuse may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.
- ~~43.~~ “Clean energy” means the renewable energy resources defined in R.I. Gen. Laws, Title Chapter 39, Chapter 26.
- ~~53.~~ “Clean energy internship program” means the internship program created in partnership with RICC and the Rhode Island Office of Energy Resources that matches interns with clean energy companies and provides reimbursement to the company for the period of the internship.
- ~~63.~~ “Community renewables” or “Community solar” or “Community remote net metering system” means a facility, owned by the primary electrical account holder or a third party, generating electricity using an eligible net-metering resource which allocates net metering credits to a minimum of one eligible credit recipient account for systems associated with low or moderate income housing, or three (3) eligible credit recipient accounts for other systems.
- ~~74.~~ “Corporation” and “RICC” mean the Rhode Island Commerce Corporation or any successor corporation or new corporation empowered to perform

the functions currently served by the Rhode Island Commerce Corporation.

85. “Department of Environmental Management” or “DEM” means the entity established in the executive branch of State government pursuant to R.I. Gen. Laws § 42-17.1-1;
95. “Early stage commercialization” means an innovative renewable energy technology or innovative business model with the ability to transform the renewable energy business sector. Technologies have completed or have nearly completed early research stages.
106. “Emerging technology” means new technologies in renewable energy that will come to market within the next two (2) – five (5) years which have the ability to transform the renewable energy business sector.
- ~~7.~~ ~~“Energy audit” means an inspection, survey and analysis of energy flows for energy conservation in a building, process or system to reduce the amount of energy input into the system without negatively affecting the output~~
118. “Innovative business model” means a novel business structure with the ability to help commercialize an emerging or existing renewable energy technology.
128. “Internship period” means the Spring, Summer, or Fall semester months of the Clean Energy Internship program.
139. “Microgrid” means a local energy grid with control capability allowing it to disconnect from the traditional grid and operate autonomously.
140. “Rhode Island Office of Energy Resources” or “OER” means the office created and established pursuant to R.I. Gen. Laws § 42-140-2.
150. “One-line electrical drawing” means a diagram showing the number of photovoltaic panels with voltage and kilowatt output, all disconnects, all combiners, all inverters with input and output ratings, the size of the main electrical panel bussing in amperes, the size of the main service disconnect, the size of the PV circuit breaker in amperes, size and type of all raceways and the size and type of all conductors.
161. “Pre-development feasibility study” means the completion of project tasks prior to construction of a renewable energy project. These tasks shall not include initial feasibility assessments. Pre-development activities occur after a project is deemed worthy of development and before construction

takes place. Examples of Pre-Development Activities include but are not limited to:

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

~~172.~~ “Renewable energy fund” and “REF” means the Renewable Energy Development Fund.

~~183.~~ “R.I. Gen. Laws” means the Rhode Island General Laws.

~~194.~~ “ROI” means Return on Investment.

~~20.~~ “Solar plus storage” means solar photovoltaic plus battery storage.

~~21.~~ “Solar water heaters or solar domestic hot water” or “SDHW” means a system that includes storage tanks and solar collectors, while using the sun's thermal energy to heat water.

~~2245.~~ “Training” means providing additional skills, knowledge, or experience to clean energy workers.

~~2346.~~ “Workforce development” means activities related to providing training and career development opportunities to facilitate clean energy job growth and support a more qualified clean energy workforce.

1.4 Funding

- A. All Funds will be awarded and disbursed through solicitations except for workforce development, issued by the Corporation in the Program areas under § 1.2 of this Part above. Workforce development funds will be awarded and disbursed through reimbursement funding after the completion period. Approximate release dates for each solicitation will be available on the Corporation’s website at the start of each calendar year. All dates are subject to change depending on availability of funds and demand for each program. Each solicitation will specify the specific incentive level, detailed instructions on how to apply, program requirements, and the deadlines to apply.

- B. In each calendar year, a maximum funding level cap of the REF's income will be available to eligible projects in each Program area. The Corporation, at its discretion, may choose to contribute more money to a particular program based on demand for a particular program, available funds, or other factors. The maximum funding level cap for the REF can be found on the RICC website under the REF section.
- C. If the maximum funding level cap for all programs is not awarded during the calendar year, funds will roll over into the following calendar year.

1.5 General Requirements

- A. ~~All requests for use of renewable energy fund programs shall be submitted to the Corporation on renewable energy fund applications which can be found on the Corporation's website. For programs that are in partnership with the Office of Energy Resources or others, links to the programs can be found on the websites of parties involved. Entities eligible to apply for REF programs shall submit a complete REF application. Applications shall be found on the Corporations website. Information for those programs that are established and implemented in partnership with the OER or other state agencies shall be found on the websites of the agencies involved.~~
- B. Applications for programs listed under § 1.2 of this Part will only be accepted during open solicitation periods. Solicitations and schedules for future solicitations can be found on the Corporation's website.
- C. Incomplete applications will be returned to the applicant and will not be considered for approval until the Corporation receives a complete version.
- ~~D. All applications must be typed. No handwritten applications will be accepted, unless approved in writing by REF Staff in advance.~~
- ~~E.D.~~ All applicants seeking funding through the REF for renewable energy projects must install projects in Rhode Island and generate electricity for use in Rhode Island. Companies must also be registered to do business in Rhode Island to be eligible.
- ~~F.E.~~ All applications must be for new projects. No projects underway or complete at the time of applying shall be eligible for funding unless approved otherwise. "Add-on systems" to an existing interconnected project which received REF funding since January 7, 2013 on the same meter will not be allowed.

~~G. All energy audits must be conducted by an independent third (3rd) party entity suitable to the Corporation. Energy audits conducted by the same company performing the renewable energy installation will not be accepted.~~

~~F.H.~~ Projects participating in the National Grid Renewable Energy Growth Program will not be eligible for the REF program~~s~~.

~~G.I.~~ REF funding may be combined with Regional Greenhouse Gas Initiative (RGGI) funding programs and/or renewable energy funding programs administered by the Federal Government.

~~H.J.~~ Award Process (excluding workforce development)

1. The Corporation board of directors may approve projects. The board may also delegate approval to the Corporation staff to the greatest extent permissible by law.
2. Award letters shall be sent to applicants after approval.
3. Contracts in a form acceptable to the Corporation shall be executed between the Corporation and the Applicant
4. Work may begin on Projects after the contract has been executed
5. All grants for construction projects will be paid in full after successful completion and inspection of the Project.
6. All loan disbursements will be made in manner that is mutually acceptable to the Corporation and the borrower as agreed to in the loan agreement.
7. The Corporation in its sole discretion may cancel an award if mutually agreeable terms cannot be met.

~~I.K.~~ If an applicant fails to provide and/or complete requested documentation within 60 days of the award letter being issued, the award shall be cancelled.

1.6 Small-Scale Solar

A. Solicitations for funding:

1. Solicitations shall include all project requirements which are subject to change between funding periods.
2. Solicitations shall include all deadlines for application submission.
3. Funding will be issued in the form of grants

B. Eligible Sectors:

1. Residential.
2. Businesses.
3. Affordable housing.
4. Non-profits.
5. State Facilities.
6. Municipalities.

C. Eligible Technologies:

1. Solar Photovoltaic (PV).
2. Solar Domestic Hot Water (SDHW).
3. Solar plus storage.

D. Minimum Submission Requirements ~~may include but are not limited to:~~

1. The following requirements, at a minimum, shall be evaluated:

~~1. Proof of energy audit,~~

~~a. 2. One-line electrical drawing (for PV only),~~

~~b. 3. Layout drawing including location of all major components,~~

~~4. ROI/simple payback assuming no more than 3% utility inflation rate, and~~

~~54.c. Signed/Executed~~ turnkey contract.

E. Minimum Evaluation Criteria:

1. The following criteria, at a minimum, shall be evaluated:

a. Technical Feasibility,

b. Financial Feasibility,

~~c. Anticipated amount of renewable energy and related benefits expected from the proposed project. Related benefits include but~~

~~are not limited to job creation, environmental benefits, and community benefits, and~~

~~d. Experience of Project Team.~~

~~ce. Adherence to the Minimum Technical Requirements that are periodically updated on the RICC website under the REF section.~~

~~d.f. The REF has the discretion to prohibit installer companies from participating in the REF programs where such companies have had a serious life safety report or have unresolved inspection deficiency issues.~~

F. A complete list of updated program application requirements can be found on the RICC website under the REF section.

1.7 Commercial Scale

A. Solicitations for funding:

1. Solicitations shall include all project requirements, which are subject to change between funding periods.
2. Solicitations shall include all deadlines for application submission.
3. Funding will be issued in the form of grants.

B. Eligible Sectors:

1. Businesses.
2. Institutions.
3. Non-profits.
4. Municipalities.
5. State Facilities.

C. Eligible Technologies:

1. Those technologies set forth in R.I. Gen. Laws § 39-26-5.
2. ~~PAI~~ projects ~~must that~~ have the ability to generate electricity or aid in electricity usage.
3. Solar Water Heaters or Solar Domestic Hot Water (SDHW).

D. Minimum Submission Requirements ~~may include but are not limited to:~~

1. The following requirements, at a minimum, shall be evaluated:

~~1. Proof of energy audit,~~

~~a. 2. One-line electrical drawing.~~

~~b. 3. Layout drawing including location of all major components.~~

~~4. ROI/simple payback assuming no more than 3% utility inflation rate, and~~

~~c. 5. Signed Executed turnkey contract.~~

E. Minimum Evaluation Criteria:

1. The following criteria, at a minimum, shall be evaluated:

a. Technical Feasibility_{1,7}

b. Financial Feasibility_{7,2}

~~c. Anticipated amount of renewable energy and related benefits expected from the proposed project. Related benefits include but are not limited to job creation, environmental benefits, and community benefits, and~~

~~d. Experience of Project Team.~~

ce. Minimum technical requirements that are periodically updated on the RICC website under the REF section.

d. The REF has the discretion to prohibit installer companies from participating in the REF programs where such companies have had a serious life safety report or have unresolved inspection deficiency issues.

F. A complete list of updated program application requirements can be found on the RICC website under the REF section.

1.8 Community Renewables

A. Solicitations for funding:

1. All program requirements shall be available on the Corporation's website. Solicitations shall include all project requirements which are subject to change between funding periods.

~~2. Solicitations shall include all deadlines for application submission.~~

~~32.~~ Funding will be issued in the form of grants.

B. Eligible sectors

1. National Grid customers with an A60 or A16 rate code

~~2. Low to Moderate Income Housing sector per qualification~~

~~23.~~ All other sectors must be approved by REF staff.

C. Eligible Technologies:

1. Solar Photovoltaic (PV).

2. All other innovative technologies must be approved administratively by the REF staff pursuant to R.I. Gen. Laws § 39-26-7.

D. Minimum Submission Requirements may include but are not limited to:

1. The following requirements, at a minimum, shall be evaluated:

~~1. Financial Analysis/Proposed Savings document~~

~~2a.1. Signed/Executed agreement/contract, Power Purchasing Agreement, or Net Metering Agreement~~

~~b. 3. Host Customer/Subscriber Electricity Bill~~

~~43.~~

c. A Submitted interconnection application

E. Minimum Evaluation Criteria:

1. The following criteria, at a minimum, shall be evaluated:

a. Technical Feasibility.

b. Financial Feasibility.

~~e. Anticipated amount of renewable energy and related benefits expected from the proposed project. Related benefits include but are not limited to job creation, environmental benefits, and community benefits, and~~

~~d. Experience of Project Team.~~

~~ce. Adherence to the Minimum Technical Requirements that are periodically updated on the RICC website under the REF section.~~

~~d. The REF has the discretion to prohibit installer companies from participating in the REF programs where such companies have had a serious life safety report or have unresolved inspection deficiency issues.~~

F. A complete list of updated program application requirements can be found on the RICC website under the REF section.

1.9 Pre-Development Feasibility Studies

A. Solicitations for Funding:

1. All program requirements shall be available on the Corporation's website.

~~Solicitations shall include all project requirements which are subject to change between funding periods.~~

~~2. Solicitations shall include all deadlines for application submission.~~

~~23.~~ All awards will be funded as low-interest loans contingent upon the ability for the project to be successful.

B. Eligible Sectors:

1. Businesses.

2. Institutions.

3. Non-profits.

4. Municipalities.

5. State Facilities.

C. Eligible Technologies:

1. Those technologies set forth in R.I. Gen. Laws § 39-26-5.
2. Technologies being studied must have the ability to generate electricity or provide a direct benefit to the electric grid, or aid in electricity usage.
3. Microgrids with demonstrated study requirements associated with necessary control systems or projects with new applications with necessary control systems that are designed to generate electricity or aid in electricity usage.
4. Solar Photovoltaic (PV) and Solar Domestic Hot Water (SDHW) are not eligible, unless approved otherwise.
5. All other innovative technologies must be approved administratively by the REF staff pursuant to R.I. Gen. Laws § 39-26-7.

D. Minimum Submission Requirements ~~may include but are not limited to:~~

1. The following requirements, at a minimum, shall be evaluated:

a. ~~1.~~ For Municipal Projects:

(1) ~~a.~~ Any municipality applying for a pre-development feasibility study must include evidence of a Town/City Council vote in favor of the proposed project.

(2) ~~b.~~ The applicant must have evidence of its legal ability to borrow money on behalf of the municipality.

b. ~~2.~~ Detailed scope of work~~;~~

c. ~~3.~~ Detailed project budget~~;~~

d. ~~4.~~ Contracts with all major subcontractors working on the Study,

e. ~~5.~~ Clear evidence of cost-sharing specific to the Study, and-

f. ~~6.~~ The municipality must have an ordinance in place allowing development of the proposed project.

E. Eligibility Requirements:

1. The following criteria, at a minimum, shall be evaluated:

a. Technical Feasibility~~;~~

- b. Financial Feasibility;
- c. Cost per kWh of energy produced;
- ~~d. Anticipated amount of renewable energy and related benefits expected from the proposed project. Related benefits include but are not limited to job creation, environmental benefits, and community benefits.~~
- de. Experience of Project Team.

- F. A complete list of updated program application requirements can be found on the RICC website under the REF section.
- G. The Corporation may choose to fund all, part, or none of a Predevelopment Feasibility Study based on the likelihood of development.
- H. Loans will be repaid upon completion of the project.
- I. If the project is found to be technically and economically feasible but the project is not commenced or completed within specified time frame, as per application requirement for the project, the loan must be repaid to the Corporation.

1.10 Early Stage Commercialization

- A. Solicitation for Funding:
 - 1. All program requirements shall be available on the Corporation's website.
 - 2. All awards will be funded as low-interest loans contingent upon the ability for the project to be successful.
- B. Eligible Sectors
 - 1. Businesses
 - 2. Institutions
- C. Eligible Technologies:
 - 1. Those technologies set forth in R.I. Gen. Laws § 39-26-5.
 - 2. Projects may qualify for funding as an emerging technology or an Innovative business model.

3. All other innovative technologies must be approved administratively by the REF staff pursuant to R.I. Gen. Laws § 39-26-7.

D. General Requirements ~~may include but are not limited to:~~

1. The following requirements, at a minimum, shall be evaluated:

a. ~~1.~~ Applicant must have other investments secured or be actively pursuing other forms of investment.

b. ~~2.~~ Applicant must submit a business plan.

E. Evaluation Criteria:

1. The following criteria, at a minimum, shall be evaluated:

a. Other funds leveraged.

b. Technical Merit / Feasibility.

c. Market Potential.

d. Economic Impact for the State of Rhode Island.

e. Team credentials and experience.

f. Scope of Work/Project Budget.

F. A complete list of updated program application requirements can be found on the RICC website under the REF section.

1.11 Brownfields Solar PV Program

A. Solicitations for funding:

1. Solicitations shall include all project requirements, which are subject to change between funding periods.

2. Funding will be issued in the form of grants.

B. Eligible Sectors:

1. Businesses.

2. Institutions.

3. Non-profits.

4. Municipalities.

5. State Facilities.

C. Eligible Technologies:

1. Solar PV

D. Minimum Submission Requirements ~~may include but are not limited to:~~

1. The following requirements, at a minimum, shall be evaluated:

a. 1. Project location meets the definition of Brownfield per these Rules and Regulations.

b. 2. Project site location approval from DEM.

c. 3. One-line electrical drawing.

d. 4. Layout drawing including location of all major components.

e. 5. Executed turnkey contract.

E. Minimum Evaluation Criteria:

1. The following criteria, at a minimum, shall be evaluated:

a. Technical Feasibility.

b. Adherence to the Minimum Technical Requirements that are periodically updated on the RICC website under the REF section.

F. A complete list of updated program application requirements can be found on the RICC website under the REF section.

G. The REF has the discretion to prohibit installer companies from participating in the REF programs where such companies have had a serious life safety report or have unresolved inspection deficiency issues.

1.12 Workforce Development

A. Clean Energy Internship Program

1. Intern eligibility, ~~including but not limited to:~~

a. The following eligibility, at a minimum, shall be evaluated:

- (1) Students need to demonstrate that they are currently enrolled at a college or university located in Rhode Island or if the college or university is located outside of Rhode, can demonstrate proof of residency.
- (2) Students must have completed or will complete at least their freshman year of college (24 credits) the semester before the internship.
- (3) If a student attends a community college (or 2-year associate program) the student must have completed at least 24 credits.
- (4) Graduate students must be currently enrolled in a Master's Degree program.

2. Internship Company eligibility, including but not limited to:

a. The following eligibility, at a minimum, shall be evaluated:

- (1) Must be registered to do business with the Rhode Island Secretary of State.
- (2) Can hire up to two interns per internship period.
- (3) Providing a meaningful internship with a clear job description.

B. Training

1. RICC, in partnership with OER, may periodically design, market, and offer trainings to clean energy workers based on funding and need.