

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION**

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IN RE: DISTRIBUTED GENERATION (DG) )  
STANDARD CONTRACTS )  
AND CEILING PRICES FOR 2011 )  
\_\_\_\_\_ )

DOCKET NO. 4288

**COMMENTS OFFERED  
BY  
ALTERIS RENEWABLES, INC.**

By its attorney, Alteris Renewables, Inc. (Alteris), offers the following comments as solicited by the Rhode Island Public Utilities Commission (PUC) in this docket.

1. Founded in 1978, Alteris is the largest design-build renewable energy company in the state of Rhode Island. Based in Providence, Alteris currently employs over thirty Rhode Island residents.
2. Alteris provides turn-key solar electric (photovoltaic or PV) systems to commercial, residential, education, government and institutional clients. The company has industry-leading expertise in engineering, design, project management, performance analysis, project financing and renewable energy credit programs.
3. Over the last eight years Alteris has installed or contracted to install one megawatt of renewable energy in Rhode Island. Alteris has performed roughly one hundred and twenty residential and fifteen commercial solar installations.
4. We commend the Office of Energy Resources and all those who designed and implemented the process to produce proposed ceiling prices and a draft contract in such short order. Alteris was pleased to be a part of that process.

5. The proposed ceiling prices should be reconsidered in light of the practical impacts of the terms of the proposed contract that put more administrative responsibility and risk on developers than was anticipated during the price setting proceedings.
6. PUC should adopt the ceiling prices as the “avoided cost” for the technologies addressed through this proceeding to avoid any potential confusion regarding the application of federal pricing standards.
7. The process used to develop the proposed distributed generation standard contract was too quick to enable adequate consideration of the proposed contract terms and their implications. We respectfully request that the Office of Energy Resources please allow more time for such processes in the future.
8. Given how quickly this proposed contract was developed and the shortness of time for consideration, we ask for an order requiring that the Office of Energy Resources and/or the Renewable Energy Coordinating Board and/or its Advisory Council review the contract immediately after the first enrollment period in 2011, proposing any amendments necessary and appropriate to the PUC for approval before any subsequent enrollment period. We also suggest that such a review be conducted annually and otherwise as often as deemed necessary thereafter.
9. We are concerned that the terms of the proposed standard contract may not give financing institutions sufficient confidence and security to engage in project financing under this program. Given the goals of this legislation (the generation of more renewable energy at cost effective pricing), it is absolutely essential that this contract is attractive to potential financing sources.

Some specific concerns include the following:

- a. Section 3.1(d): the prospect of contract termination for even nominal under-production is not contemplated by the statute and could present excessive risk for project financing.

- b. Sections 3.1 and 3.3: Allowing Buyer to administer compliance with its devised “critical milestones” and standards for measuring “substantial completion” and “commercial operation” is inconsistent with the statute and puts unnecessary burden and risk on the project. The statute simply calls for a performance deposit and energy production within eighteen months of contract signing and that is enough to incent and ensure project performance.
  - c. Sections 3.4 and 4.8: Risks related to the ongoing administration of access to RECs and capacity payments should be placed on the beneficiary (Buyer). Once access to those benefits is initially established by Seller and granted to Buyer upon project development all further risk related to accessing those benefits should also transfer to Buyer.
  - d. Section 4.2: The Seller should be compensated for system production as measured at the meter and should not bear the burden of electric transmission line outages on the Buyers distribution system.
  - e. Sections 4.3 and 8.3: The risk that a developer might have to pay penalties for delivery shortfalls or make termination payments to Buyer is not contemplated by the statute and could jeopardize project financing. The statute simply mandates that the utility purchase energy, RECs and capacity produced by the project. If the developer stops producing or under-produces energy the Buyer need not pay for it, but the Buyer is not entitled to any such production.
  - f. Section 4.7: Registering for qualification under the Renewable Portfolio Standard, or other environmental attributes in additional states places an undue financial burden on the Seller and costs for these registrations should be borne by the Buyer.
  - g. Section 4.8: The requirements for Large Distributed Generation Facilities are not appropriate for systems of the scale being proposed under the Large Distributed Generation Category, as the costs could make the projects no longer financially attractive.
  - h. Section 11.4: The ability of the Buyer to reassign the agreement without the consent of the Seller to a credit rating equal or better than BBB- from S&P or Baa3 from Moody’s, will have implications since these credit ratings may not be financeable.
10. Section 16.4: This contract need not establish a standard of review for disputes. The determination of what standard of review to apply is better left to the neutral deciding the dispute who may request input from the parties.

Alteris appreciates PUC's consideration of these comments and welcomes the commencement of this important and beneficial program.

Respectfully submitted,

ALTERIS RENEWABLES, INC.

By their attorney,



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