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Tuesday, October 25, 2011

Luly E. Massaro,
Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Rhode Island Public Utilities Commission Docket No. 4288

Dear Commissioners,

Bella Energy is a nationwide solar developer who is just beginning operations in Rhode Island. We have engaged a number of local partners including GEM Plumbing. Our model is to utilize our solar engineering expertise working with RI local contractor installation labor to develop and implement projects for their customers.

Over the last five years we have worked with numerous financial partners including the largest in the world, Sun Edison. What we have learned is that much of our nation's solar market requires third party owners and financing, and that if financial and contractual costs are high, they not only skew the economics to a point where projects aren't cost effective, but even more important they favor the bigger projects at the expense of rooftop solar on commercial, industrial and institutional buildings. In short they kill the market for the smaller business owners and slow the long term growth of the industry.

Upon receipt of the RI Solar PPA contract, we took this to our major financing partners for their input. Upon review, we received a number of responses, all negative. The typical response was, "oh well, won't waste any time there". Following is an example of one written response we received:

Re: Docket 4288

After a review of the proposed PPA Contract which will be required between National Grid and potential Solar Owners for solar installations larger than 150kW in Rhode Island (RI DG Std PPA (10-11-11).pdf) it is the stance of our organization not to pursue opportunities to fund, own, or operate solar facilities within your state at this time. Where we would typically be willing to negotiate minor language alterations, the required changes necessary with this document are too extensive to list. Please be advised there are many other states in which we work where fairly standard contracts are already in use and I suggest the commission look into other working examples before formally adopting the aforementioned document.

We look forward to a future time when conducting business in Rhode Island will be rewarding from all perspectives: local job creation, revenue generation, administrative ease, and the true encouragement of renewable energy.

Thank you,

Barry Ruby

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Website: <http://www.Solar-Power-Financial.com>

While parties were originally on track to make RI an extremely robust solar market with great revenue and job creation potential, this one document will preclude all financiers I have spoken with from even looking to develop solar projects in RI until a more reasonable contract is in place.

The bottom line: this contract seems tailored to a very large power generation facilities and is entirely inappropriate for smaller distributed generation solar photovoltaic installations less than 2MW capacity, especially if owned and operated by a small company just wanting to do the right thing for their business and building.

In an attempt to work within the existing framework, I personally and professionally suggest that the Commission direct the working group to look at existing contracts serving similar purposes which are simpler, generally accepted, and already in use for solar installations for several years.

A few documents they might utilize for reference include:

1. Tioga Energy (SurePath) published PPA document:
<http://www.tiogaenergy.com/annotated-ppa-index.php>
2. Xcel Solar*Rewards SO-REC Purchase Contract
<http://www.xcelenergy.com/staticfiles/xcel/Marketing/CO-SR-Medium-SO-REC-Contract-customer.pdf>
3. Much more California documentation in use at:
http://www.gosolarcalifornia.org/documents/csi_application_help.php

These are just a few of the documents in use for thousands of distributed generation solar facilities around the nation. Many others are publicly available. No need to reinvent the wheel when others have similar programs in place and working well with their contract documents posted for all to see and use.

We have heard that the working group process drafting this contract was under unreasonable time pressures for an effort of this nature. The contract resulting from their efforts contains provisions that make the contract at best, extremely challenging for the purpose of project finance, thus undermining the entire purpose of legislation.

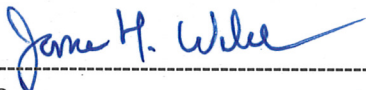
We respectfully request that the commission reject this contract and send it back to the working group for significant improvement or, if due to legislative mandates you are required to accept something now, that you make as many appropriate revisions as possible to enable solar projects to be financed and built. Hopefully there will be some way to assure this document does not set long term precedent and provide some mechanism for a more careful process to develop a better contract at which the renewable energy industry is more fully represented and which allows adequate time and opportunity for participation in the process by industry stakeholders.

An unnecessarily burdensome contract will ultimately drive up costs that have to be borne by ratepayers and that will serve nobody well. We are also concerned that some solar installers may sell projects to owners who find that they can't be financed or that the contract contains obligations that they never understood or anticipated and thus be very unhappy they got involved.

We'd appreciate if you could add us to the notification list on this and other matters before the commission regarding renewable energy. Presuming the commission will find some way to significantly improve this question, we look forward to participating as active members of the Rhode Island business community. Thank you for considering these comments.

Sincerely,

Jim Welch



CEO

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