



Summary of Community Solar Opportunity in Rhode Island



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How it Works

Community solar in RI allows qualified utility customers the option to purchase electricity that is generated at offsite renewable energy facilities. An example is a landowner who has space for a solar facility but does not have a need for the actual power. In this scenario, the landowner would receive a lease payment from the developer and the actual kwh's generated would be fed back to the utility (National Grid). The utility will track the actual power produced and will allow the developer to sell the credits to an off taker. (1 kwh = 1 credit) The credits are sold at either a discount or a fixed price over a 25-year term.

The qualified off-taker or anchor tenant (Coventry Schools) is required to sign a long-term agreement for the purchase. The anchor tenant is essentially financing this solar project by agreeing to purchase the credits produced over the life of the agreement. The savings opportunity is significant and is accomplished without any solar panels being installed onsite nor does this opportunity require any upfront investment.

Request for Proposal Process

Coventry Public Schools has facilitated an RFP process inviting all relevant developers to submit proposals for the sale of remote net metered credits. Additionally, Coventry Public Schools facilitated an RFP process to select a consultant to assist with the selection process. Balanced Rock Energy was selected to assist with the selection, and its fee will be paid by the winning developer. The request for proposals was sent to all available developers and we received a response from 8 developers. The responses were for both fixed prices and a discount to the value of the credit. We performed an initial review of offers and then requested a best & final round of offers from all developers, which resulted in a response from 6 developers. The summary of both rounds of proposals and the savings estimates are in the included spreadsheet entitled RNMC Summary of Offers.

Savings Opportunity

The savings opportunity for Coventry Public Schools with this program is ~\$152k - \$248k in the first year and ~\$8 mil over the 25-year term. The credit comes through on your National Grid invoice and you are then sent an invoice from the solar developer to pay for the credits. The value of the credit is based on the small business rate class electric price from National Grid. That rate (Rate C-06) is currently ~\$.01575/kwh. This value has ranged from \$.14 - \$.19 per kwh over the past 3-5 years. We are using an estimate of \$.15 for our savings estimates. Coventry Public Schools can decide to purchase the credits with a fixed price agreement (\$.1145) or a discount (38.5%). The RFP process evaluated both options.



A summary of the savings opportunity is below and in the included spreadsheet:

Fixed Price Key Assumptions					Fixed Discount Key Assumptions				
RNMC Value	\$	0.150			RNMC Value	\$	0.150		
NGRID Increase		2.00%			NGRID Increase		2.00%		
Annual kWh		4,308,732			Annual kWh		4,308,732		
Developer		Revy Energy, LLC			Developer		Nexamp, Inc.		
Fixed Price	\$	0.11450			Fixed Discount		38.5%		

Fixed Price Savings Estimates					Fixed Discount Savings Estimates					Savings Comparison
Year	RNMC Price	RNMC Value	PPA Price	Savings	Year	RNMC Price	RNMC Value	RNMC Price	Savings	
1	\$ 0.15000	\$ 646,310	\$ 0.11450	\$ 152,960	1	\$ 0.15000	\$ 646,310	\$ 0.09225	\$ 248,829	\$ 95,869
2	\$ 0.15300	\$ 659,236	\$ 0.11450	\$ 165,886	2	\$ 0.15300	\$ 659,236	\$ 0.09410	\$ 253,806	\$ 87,920
3	\$ 0.15606	\$ 672,421	\$ 0.11450	\$ 179,071	3	\$ 0.15606	\$ 672,421	\$ 0.09598	\$ 258,882	\$ 79,811
4	\$ 0.15918	\$ 685,869	\$ 0.11450	\$ 192,519	4	\$ 0.15918	\$ 685,869	\$ 0.09790	\$ 264,060	\$ 71,540
5	\$ 0.16236	\$ 699,587	\$ 0.11450	\$ 206,237	5	\$ 0.16236	\$ 699,587	\$ 0.09985	\$ 269,341	\$ 63,104
6	\$ 0.16561	\$ 713,578	\$ 0.11450	\$ 220,228	6	\$ 0.16561	\$ 713,578	\$ 0.10185	\$ 274,728	\$ 54,499
7	\$ 0.16892	\$ 727,850	\$ 0.11450	\$ 234,500	7	\$ 0.16892	\$ 727,850	\$ 0.10389	\$ 280,222	\$ 45,722
8	\$ 0.17230	\$ 742,407	\$ 0.11450	\$ 249,057	8	\$ 0.17230	\$ 742,407	\$ 0.10597	\$ 285,827	\$ 36,770
9	\$ 0.17575	\$ 757,255	\$ 0.11450	\$ 263,905	9	\$ 0.17575	\$ 757,255	\$ 0.10809	\$ 291,543	\$ 27,638
10	\$ 0.17926	\$ 772,400	\$ 0.11450	\$ 279,050	10	\$ 0.17926	\$ 772,400	\$ 0.11025	\$ 297,374	\$ 18,324
11	\$ 0.18285	\$ 787,848	\$ 0.11450	\$ 294,498	11	\$ 0.18285	\$ 787,848	\$ 0.11245	\$ 303,321	\$ 8,823
12	\$ 0.18651	\$ 803,605	\$ 0.11450	\$ 310,255	12	\$ 0.18651	\$ 803,605	\$ 0.11470	\$ 309,388	\$ (867)
13	\$ 0.19024	\$ 819,677	\$ 0.11450	\$ 326,327	13	\$ 0.19024	\$ 819,677	\$ 0.11700	\$ 315,576	\$ (10,752)
14	\$ 0.19404	\$ 836,071	\$ 0.11450	\$ 342,721	14	\$ 0.19404	\$ 836,071	\$ 0.11934	\$ 321,887	\$ (20,834)
15	\$ 0.19792	\$ 852,792	\$ 0.11450	\$ 359,442	15	\$ 0.19792	\$ 852,792	\$ 0.12172	\$ 328,325	\$ (31,117)
16	\$ 0.20188	\$ 869,848	\$ 0.11450	\$ 376,498	16	\$ 0.20188	\$ 869,848	\$ 0.12416	\$ 334,891	\$ (41,607)
17	\$ 0.20592	\$ 887,245	\$ 0.11450	\$ 393,895	17	\$ 0.20592	\$ 887,245	\$ 0.12664	\$ 341,589	\$ (52,306)
18	\$ 0.21004	\$ 904,990	\$ 0.11450	\$ 411,640	18	\$ 0.21004	\$ 904,990	\$ 0.12917	\$ 348,421	\$ (63,219)
19	\$ 0.21424	\$ 923,090	\$ 0.11450	\$ 429,740	19	\$ 0.21424	\$ 923,090	\$ 0.13176	\$ 355,389	\$ (74,350)
20	\$ 0.21852	\$ 941,551	\$ 0.11450	\$ 448,202	20	\$ 0.21852	\$ 941,551	\$ 0.13439	\$ 362,497	\$ (85,704)
21	\$ 0.22289	\$ 960,382	\$ 0.11450	\$ 467,033	21	\$ 0.22289	\$ 960,382	\$ 0.13708	\$ 369,747	\$ (97,285)
22	\$ 0.22735	\$ 979,590	\$ 0.11450	\$ 486,240	22	\$ 0.22735	\$ 979,590	\$ 0.13982	\$ 377,142	\$ (109,098)
23	\$ 0.23190	\$ 999,182	\$ 0.11450	\$ 505,832	23	\$ 0.23190	\$ 999,182	\$ 0.14262	\$ 384,685	\$ (121,147)
24	\$ 0.23653	\$ 1,019,165	\$ 0.11450	\$ 525,816	24	\$ 0.23653	\$ 1,019,165	\$ 0.14547	\$ 392,379	\$ (133,437)
25	\$ 0.24127	\$ 1,039,549	\$ 0.11450	\$ 546,199	25	\$ 0.24127	\$ 1,039,549	\$ 0.14838	\$ 400,226	\$ (145,973)
				\$ 8,367,751					\$ 7,970,076	

Evaluation Criteria & Process

Based on the results of the 2nd round of offers, we invited both Revy and Nexamp in to make presentations on February 3rd, 2020. The offer from Revy was the best for a fixed price agreement and Nexamp was best for a discount agreement.

The first decision is to decide on a developer, we are recommending Revy based on the following criteria:

1. Revy has completed 17 projects in RI with total capacity of 60 mw's – this far exceeds the experience of Nexamp of ~5 projects and 10 mw's. The experience of Revy confirms their ability to deliver in a complex regulatory / political environment. The larger portfolio of completed projects will be valuable to CPS if there is a need to reallocate credits over the life of the agreement.
2. Revy has a larger pipeline of proposed projects. This is valuable to Coventry if the proposed project faces an insurmountable hurdle, we will be able to replace with another project in their pipeline quickly and won't need to negotiate a new agreement.

The next decision is to decide on a fixed price agreement or fixed discount agreement. We are recommending a fixed price agreement as this will provide the most savings over the 25 year term. The initial savings are higher with the discount option, but the inflection point hits in year 12 and over the



agreement the fixed will deliver an additional \$360k in savings. It's important to note that our savings estimates incorporate a 2% annual increase in the value of the net metered credits. This is a conservative, reasonable estimate.

Risks / Concerns

This opportunity requires a 25-year agreement to purchase the credits. If Coventry Public Schools is buying electricity from National Grid you will be able to retire and save from the credits. If at some point in the future CPS decided to generate all electricity onsite you would need to find a new off-taker for these credits or pay a significant penalty.

Environmental Considerations

Since CPS is agreeing to the long-term purchase of solar based kwh's, you are effectively financing this project and promoting clean, renewable energy in Rhode Island. When appropriate, it would make sense to promote the agreement to your stakeholders to prove your commitment to sustainable forms of energy while also taking advantage of valuable incentive programs. This project could be positioned to showcase how CPS is helping to finance solar and using the savings to increase the efficiency and sustainability of your facilities.

Recommendation

We recommend proceeding with Revery for a 25-year, fixed price agreement. We have shared a draft agreement with legal for review.