

November 27, 2020

VIA ELECTRONIC MAIL

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

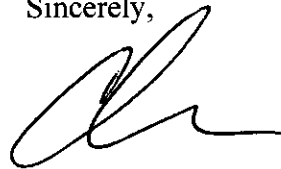
RE: Docket 5076 – 2021-2023 Energy Efficiency Program Plan & 2021 Energy Efficiency Plan Responses to PUC Data Requests to the Rhode Island Infrastructure Bank – Set 1

Dear Ms. Massaro:

On behalf of the Rhode Island Infrastructure Bank (RIIB or the “Bank”), enclosed please find the Bank’s responses to the Public Utilities Commission’s First Set of Data Requests.

Thank you for your attention to this filing. If you have any questions or concerns, please do not hesitate to contact me at 401-421-6885.

Sincerely,



Christopher Vitale
Harrington & Vitale, Ltd.
Bank Legal Counsel

cc: Docket 5076 Service List



PUC 1-1

Request:

Refer to the responses of National Grid to PUC data requests 1-56 and 1-57 in this docket. These responses each state that they were "prepared on the basis of information provided to the Company by RIIB." Please provide the following: (a) a copy of the prospectus used to solicit bond investors for the referenced 2020A bond issuance, (b) copies of the loan documents applicable to each of the two loans, and (c) documentation indicating the schedule upon which funds (including dates and amounts) were disbursed or are anticipated to be disbursed to the borrowers in connection with the two referenced loans.

Response:

Response to (a): Attachment A is a copy of the Official Statement issued in connection with the 2020A Efficient Buildings Fund bonds. This document is also available at: <https://emma.msrb.org/P11430575-P11109993-P11519734.pdf>.

Response to (b): The loan documents for the 2020 EBF loans to East Providence and Warwick and attached as Attachments B & C respectively.

Response to (c): The disbursement schedule for the two loans is attached as Attachment D.



PUC 1-2

Request:

Referring to the comments filed by RIIB on November 10, please explain why the comments represent that “EBF’s sole source of new capital is the annual allocation of System Benefit Charge through the Energy Efficiency Program Plan,” when the same comments indicate that RIIB obtains private sector capital.

Response:

Since 2017, the sole source of new contributed program capital for the EBF has been the allocation of System Benefits Charge funds. The Bank does not anticipate other sources of new contributed program capital in 2021-2023. The Bank has the ability to borrow additional funds from the private sector bond market which must be paid back, but the ability to borrow these funds is not guaranteed. There are numerous factors that go into the Bank’s ability to access bond funds, one of which is whether or not the Bank has sufficient new or recycled program capital to continue to support making more loans.



PUC 1-3

Request:

Referring to the comments filed by RIIB on November 10, please provide a complete explanation of why “EBF will be unable to meet demand for clean energy project financing” unless it obtains funding from the National Grid energy efficiency program. Please also identify any projects in the 2021 pipeline that RIIB believes will be rendered uneconomic and, as a result, will not go forward unless RIIB obtains funding from the energy efficiency program.

Response:

By offering below market interest rates, EBF has saved municipalities in Rhode Island over \$2.2 mm in interest costs when compared to borrowing directly from private sector banks or bond markets at traditional market rates. This interest rate savings combined with EBF's ability to make long-term, fixed rate loans can make long-term, deep energy efficiency retrofits more affordable on a cash flow basis for municipalities. The interest rate savings and long-term repayment of an EBF loan can be the difference that makes an energy efficiency project cash flow neutral or positive.

Should the Bank not secure the needed \$5 MM allocation of System Benefits Charge capital, projects in the Bank's pipeline will need to find alternative sources of financing which will be more expensive and, likely, shorter in maturity, which will further raise annual debt service payments. This increase in interest cost and annual debt service requirements could make energy efficiency projects less attractive on a cash flow basis as the energy cost savings may not be sufficient to meet the higher debt service payments. As a result, a municipality is likely to forego the energy efficiency project and prioritize spending on other infrastructure projects or programs.