

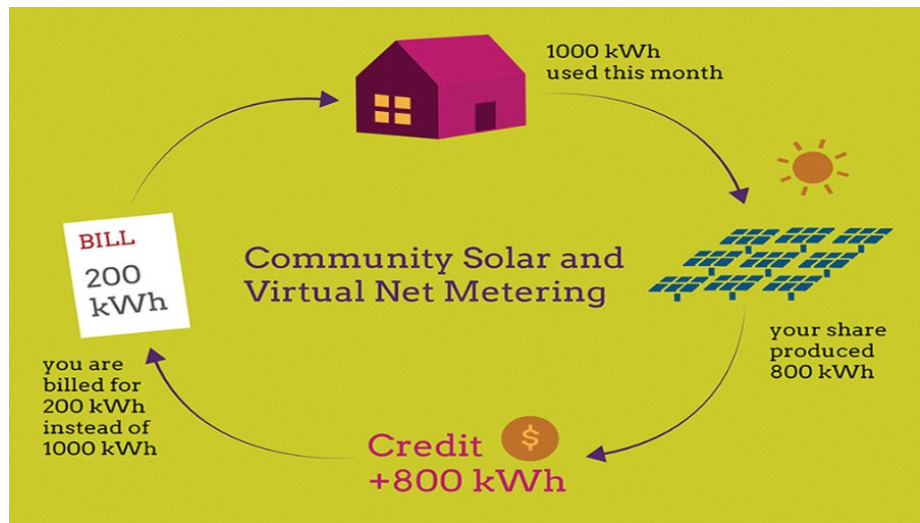
# Solar Net Metering Fact Sheet

December 2020



**What is net metering?** Rhode Island law does not allow developers to just set up a renewable energy project and sell the energy to the grid – rather, in order to receive retail rates for their production they must pair their output with authorized “off-takers” who use sufficient energy equal to the electricity that the project produces. By entering into a Net Metering contract, the PHA would in essence be pledging to sponsor a portion of a solar project, getting bill

credits to reduce our electricity bills based on the energy that project produces, and paying a portion of those credits (58 percent) back to the developer. PHA would not be an “owner” in the sense of having any responsibility to maintain or fix the solar



panels, and the panels would not be located on our property but rather in Exeter, RI.

**Why is the PHA considering a net metering agreement?** There are two reasons this project is beneficial and aligned with the PHA’s strategic plan. First, the project is estimated to net PHA \$325,000 in the first full year and \$7.5M over the 20 year contract, and that is *after* HUD recaptures its half of the savings. Secondly, this project allows the PHA to play a major part in adding more than 15 MW of renewable energy to the state’s energy portfolio. This has the carbon dioxide equivalent of taking over 3,200 cars off the road.

**How did this proposed agreement come about?** The PHA and ten other housing authorities issued a joint RFP in January 2020. The agencies were assisted by SourceOne, which serves as energy consultant to PHARI. In March, eight companies submitted proposals. The PHAs considered the experience of the proposers, the financial backing of each solar project and its status in the local approval processes, as well as the financial terms. Two top vendors were interviewed, with the PHAs agreeing that Nautilus Energy had the

best proposal. Nautilus had the most financially advantageous of the eight proposals, offering 42 cents on every dollar of energy the projects produced.

**What are the steps for HUD approval?** The proposed 20 year term is standard for net metering given the cost of developing a project, but it requires HUD approval. A draft contract was sent to HUD for review in October, and the PHAs recently received a response from the Regional PIH Director stating that provided certain additional provisions are added to the contract, and that the vendor was properly procured, HUD will be able to approve the contract

After PHA receives board approval and we finalize the contract with Nautilus, PHA will need to request HUD's approval of our procurement of Nautilus as well as the final contract itself. Once the contracts are signed between Nautilus and the various PHAs, we will start receiving bill credits as soon as the solar project is completed, likely sometime in mid-2022.

**What is the impact of this project on the environment?** The project of which PHA will be a buyer is expected to produce more than 12.1 million kWh per year of electricity, or enough electricity to cover the usage of 1,700 average Rhode Island households for the year. The project reduces the amount of electricity state utilities and energy suppliers need to purchase from non-renewable sources. The project will also require cutting of a number of trees in Exeter to make way for the solar panels, but staff believes that the positive impacts of reducing fossil fuel use substantially outweigh the negative impacts.

**What is the impact on PHA's energy use?** This project does not change our energy use, but it does mean that we are sponsoring energy going back into the grid which is equal to the cost of about 70% of the electricity we use. PHA staff have closely considered our current electricity use and potential for future efficiencies and are confident that our developments will continue using enough electricity to gain the full benefit of this project for the next 20 years.

**How has this project changed since it was presented to the board?** Nautilus' winning bid included three separate solar projects. When SourceOne's consultant presented to the board in August, we were looking at each PHA being a part of each project, but we have now adjusted that so that PHA will only be a buyer for one of them. PHA will no longer have any association with the Hanton City, Smithfield, or "Exeter Ten" sites.