



Modifications to the On-Site Renewable DG Program – Commercial Project Incentives

Effective June 30, 2008

On June 30, 2008, the Board of Directors of the Connecticut Clean Energy Fund approved the following modifications to the On-Site Renewable DG Program.

On April 1, due to the unprecedented increase in the number and cumulative size of solar photovoltaic system incentive applications, the incentive for commercial solar for profit projects, including projects owned by third parties, was changed from a flat subsidy capped at a max of \$5 /Watt_(PTC) to a declining “tiered” structure. This change had little immediate impact on the influx of applications, and it has become obvious that even these reduced incentive levels could not be sustained. To help to preserve some incentives for PV projects going forward, the following changes to the On-Site Renewable Distributed Generation Program PV incentives will be implemented immediately:

On-Site Renewable DG Program Changes for PV Projects

1. The maximum incentive award to any commercial Solar PV project will be limited to \$850,000.
2. The new incentive structure is as follows:

Incentive Blocks	Maximum Incentive	
	For-Profit Owners* (\$/Watt _{PTC})	Not-for-Profit Owners (\$/Watt _{PTC})
< 100 kW _{PTC}	\$4.50/Watt	\$4.75/Watt
> 100 kW but < 200 kW	\$3.50/Watt	\$4.25/Watt
> 200 kW	\$0.00/Watt	\$0.00/Watt

*Includes Power Purchase Agreements with not-for-profit entities

3. All projects will retain the \$0.25 premium for buildings that are qualified for Silver LEED or equivalent.

4. **The maximum aggregate incentive dollar amount that any host-site entity will be awarded for multiple projects will be limited to \$850,000 in any three-year period.**
5. Any project not approved by June 30, 2008 will be subject to the above modifications, whether or not an application had been submitted earlier.

Elimination of the Southwest Connecticut Supplemental Incentive

For all renewable energy technologies, the Southwest Connecticut premium of an additional 2¢/kWh for the expected 20-year output for projects of all eligible technologies located will be eliminated for all projects approved after June 30, 2008. While the incentive served its purpose in stimulating the development of projects in the “congestion zone,” the anticipated completion of major transmission line projects to the area has dramatically reduced the difference in nodal (wholesale) energy pricing between the zone and the rest of Connecticut, and has thus eliminated the need for additional incentives.

Retention of Solar RECs

To ensure that RECs from the OSDG Program are used to meet Connecticut’s RPS and to preserve the “other attributes” where economic value has not yet been attributed for potential future monetization for the benefit of CT ratepayers, CCEF will retain the RECs.

For all newly approved PV projects, CCEF will retain the RECs in exchange for the estimated present value of the RECs over the term of the Financial Assistance Agreement (normally 15 years). Initially, the present value will be calculated based on a REC value of \$30/MWh, using a discount rate equal to the assumed composite cost of capital for projects - 9.75% for for-profit entities and 7.5% for not-for-profit entities.

The payment for the RECs will be in addition to the normally-calculated CCEF grant, and will be paid coincident with the third (10%) grant payment, following system completion and acceptance by all parties and six months of production to verify the output assumptions. Production estimates will be calculated by CCEF, using PowerClerk or PVWatts, subject to modification if the actual six-month production differs significantly ($> \pm 10\%$) from the predicted value.

