

Charter for Renewable Energy Based Rural Electrification with Participation of Private Enterprise

Providing Electricity to Rural Fiji

November 7, 2002

1. Introduction

Rural Electrification has been placed at a high priority in Fiji. Although good progress has been made through FEA grid extensions and through stand-alone generators provided under the DOE 1993 Rural Electrification Policy, there remain large areas of Fiji that do not have access to electricity. Most of these areas cannot be economically reached by the FEA grid and other forms of electrification will be required. The Department of Energy (DOE) is addressing this problem through the development of strategies and plans designed to increase the rate of rural electrification in Fiji through the private sector and the use of renewable energy. A two-year project on “Promoting Sustainability of Renewable Energy Technologies and Renewable Energy Service Companies in Fiji” supported by the Global Environment Facility (GEF) through UNDP is presently underway which will result in the necessary legal and structural framework for large scale rural electrification using renewable energy. The mechanism that will be used to deliver electrical services to rural areas is through the use of private businesses organised as Renewable Energy Service Companies (RESCOs) supported and regulated by the DOE.

This Charter describes the structure needed to create a public-private partnership in order to dramatically increase the rate of rural electrification in Fiji.

2. Why a Charter?

Currently, there is no legal structure providing for renewable-energy based rural electrification activities to be carried out on a commercial basis in a sustainable fashion. This Charter enumerates the roles for Government and its private partners and sets out the basis on which:

1. The Government, through the Department of Energy, will support and regulate the RESCO-based rural electrification process;
2. Private enterprise will be involved in the delivery of electrical services to rural households;
3. FEA, PWD, the Commerce Commission and other government organisations will interface with the process.

The Charter addresses the general institutional issues and the specific responsibilities of the Department of Energy as regards:

- Asset purchase and ownership;
- Land issues;
- Licensing of renewable energy technicians;
- Technical regulation of RESCOs;
- Financial regulation of RESCOs;
- RESCO management autonomy and authority;
- Selection of RESCOs to deliver the services including performance measures – rewards/penalties and processes for terminating RESCOs in the event of mis-performance;
- Establishment of standards for equipment and designs;

- Establishment of standards for installation, servicing and maintenance;
- Import duties and taxes; and
- Training of RESCO technicians and management.

Timetables for implementation of this Charter (see Appendix A) are included for:

- The development of support structures for:
 - Training for RESCO installation and maintenance technicians;
 - System design;
 - Equipment specification and purchasing;
 - Financial control and regulation;
 - System installation;
- Obtaining finance for an initial pilot project of approximately 2000 systems;
- Implementing the initial pilot project;
- Proceeding with full-scale rural electrification by RESCOs. It is estimated by DOE that about 18,000 rural households can be serviced with renewable energy systems.

Implementing the Charter is expected to:

- Dramatically increase the rate of provision of electrical services to rural areas of Fiji;
- Include regulated, private businesses in the provision of electrical services generated primarily by renewable energy;
- Relieve the pressure on FEA to increase its delivery of uneconomic electrical power to rural areas;
- Provide a least cost approach for electrification of remote rural areas;
- Provide increased rural electrification with minimal environmental impact;
- Increase the use of locally available renewable energy sources thereby reducing dependence on uncertain and expensive foreign energy supplies.

3. Rural Electrification

Five distinct groups of potential electricity customers exist in rural Fiji with each requiring a different approach to electrification for the most cost effective service:

1. Those located close enough to the FEA national grid to allow economic connection. These customers will be handled by FEA grid extensions and are not affected by this Charter;
2. Those located close enough to existing independent mini-grids to be economically reached by extending that grid. These systems are presently operated by PWD at government stations. Where renewable energy is a part of the generation at government stations, this Charter allows their eventual operation by private RESCOs or by PWD operating under the legislation for RESCOs;

3. Isolated rural households separated by hundreds of meters as is typical in commercial farming communities and other settlements. This Charter will directly affect those households;
4. Isolated rural villages that have households close together as is typical of villages in the interior of Viti Levu, Vanua Levu and the outer islands. This Charter will directly affect those communities;
5. Isolated public facilities such as schools, government offices and health facilities. This Charter will directly affect this group.

This Charter will have direct effect on the great majority of un-electrified rural households since less than 10% are considered to be in categories one and two where the most economic mode of electrification is extension of the existing electricity grid.

4. Rural Electrification Policy

The existing rural electrification policy (1993) allows for villages to apply for electrification provided they pay 10% of the capital cost. That approach tends to favour diesel generation, as it is the electrification technology with the lowest capital cost. Although cost is not the only factor in making the technology decision, a high percentage of electrification applications from rural villages have been for diesel systems with applications from villages for renewable energy electrification being less than 1% of the total to date. This Charter does not void that policy but it does allow the capital requirement for renewable energy generation to be paid over a term of at least 10 years through collection of periodic fees that cover both the capital payment requirement and operation and maintenance costs. This means that the real, long term cost of delivery of electricity from different technologies will be made clear to the villagers so they can make a rational economic decision in their choice of electrification source when applying for DOE assistance under the 1993 policy.

The cost of FEA grid connections to remote rural households is relatively high. It is clear that independent power delivery either at the individual scale, as with solar home systems, or at the village scale, as with diesel systems, is generally more cost effective than grid extensions by the FEA in most un-electrified rural areas. In recognition of this, the present Rural Electrification Policy allows not only FEA grid extensions but also allows the use of independent generation using renewable energy or diesel generators.

It is clear from more than a decade of experience in Fiji that for most rural communities in the country, renewable energy (RE) systems can be cost effective compared to an independent grid powered by a diesel engine. However, nearly all villages applying for rural electrification have chosen the diesel option. The high preference for diesel systems is due partly to the familiarity of diesel generation systems and partly to the lower initial cost to the village for a diesel generation system.

The initial capital cost of a diesel system is lower than that of the equivalent renewable energy systems making diesel an attractive option to rural communities who are paying 10% of the initial capital cost. Unfortunately, the long term cost for diesel operation and maintenance is higher than for comparable services by renewable energy systems thus making renewable energy systems generally a lower cost option for the long run.

This charter provides a process whereby the rural villages see the real, long-term cost of their choice of generation technology through the use of a fee and tariff structure that reflects the real, long term cost of energy.

The result of these calculations will be an estimate of the real cost of providing electrical services to the service area and transparently showing the effect of subsidies.

5. Why Renewable Energy?

The advantages of renewable energy for rural electrification are numerous and compelling:

- Renewable energy is generally lower in long term cost than all alternatives for household electrification in Fiji;
- Environmental impacts are minimised;
- Increased dependence on petroleum supply with its associated volatile politics and economics can be avoided;
- A large number of private companies can be mobilized to provide renewable energy systems making rapid rural electrification development possible;
- International funding support for environmentally friendly energy development is increasing while such funding for conventional energy development is decreasing.

6. What is a RESCO?

A Renewable Energy Service Company (RESCO) in the context of this Charter is a company that provides electrical services to consumers from renewable energy sources, such as solar photovoltaics and wind generators. Its characteristics are:

- The serviced household does not own the generation equipment, it is owned by an external organisation such as a Government agency or the RESCO;
- The user does not participate in maintenance, all maintenance and repair service is provided by the RESCO;
- The user pays a service charge that covers the capital repayment requirement and the cost of providing for maintenance and repairs.

The concept is much like that of a conventional utility in that the generation equipment is not owned by the user and the electricity that is generated is made available to the customer for a fee. The fee charged to the user includes any required capital replacement

cost (e.g. 10% of full cost under the existing rural electrification policy) and all operating, maintenance and repair costs plus a profit for the operating company.

There are two significant differences between the conventional utility approach and that of the RESCO. For a RESCO:

1. Generation may be distributed among many households instead of being centralised at a power plant;
2. Many private companies regulated by the government may provide services independently of each other.

7. Why use RESCOs?

RESCOs provide significant advantages over the present approach to off-grid rural electrification:

- **Economic expansion of rural electrification using renewable energy.** Historically, renewable energy systems, such as solar photovoltaic systems for homes, have been provided by the DOE to small numbers of Fiji rural households with maintenance service either provided by the DOE through persons trained in the serviced villages or directly by DOE technicians. This has been a satisfactory arrangement for small pilot projects but it cannot be expanded economically to service the tens of thousands of rural households currently desiring electrical services;
- **Allows large-scale rural electrification without major expansion of government administration staff.** The RESCO approach allows the DOE to effectively maintain control of rural electrification but without having to individually hire and administer the many people needed to properly service tens of thousands of rural households spread all over the Fiji Islands;
- **Expands the private sector's role in electrification.** Existing Government policy is to increase private participation in the public sector. Use of the private sector can greatly increase the rate of rural electrification over that possible through existing public institutions;
- **Provides for professional quality maintenance and repairs** These are included in the tariff structure resulting in much higher power reliability than that found with existing village maintenance schemes for either diesel or renewable energy systems;
- **The RESCO approach provides specific services at a predetermined cost.** Village managed diesel schemes often are under-utilized because of unexpectedly high fuel costs or unplanned repair costs;
- **Payment is for services not hardware.** The RESCOs will not receive payments unless the customers are satisfied with the service so there is a strong incentive to keep the systems running properly and to make repairs quickly.

8. DOE Regulation Requirements

Both technical and economic regulation will be required to ensure that rural electrification is appropriately carried out, that services are provided to meet the needs of rural dwellers and that fees are charged to reflect the real cost of service provision.

a) Renewable Energy System Design and Ownership. Technical design, purchasing, and system ownership will be done directly by DOE thereby removing the requirement for complex and expensive technical design regulation for multiple RESCO operators and ensuring consistency in generation capacity and service provision.

b) Renewable Energy Installations. RESCOs will install the systems. DOE will provide standards for system installation and will audit installations to ensure standards are followed.

c) Spare Parts Provision. Spare parts supply for DOE provided systems will be arranged for by DOE. DOE will ensure that sufficient spare parts continue to be available to RESCOs on short notice.

d) Service Area Selection. DOE will define service areas sufficiently large for economically reasonable periodic maintenance by a RESCO. Service area establishment will be based partly on user demands for service and partly on government priorities for rural electrification. Service areas may also be established upon application by a RESCO to service a particular area. DOE will cooperate with FEA to ensure that RESCO service areas will not include areas intended for grid electrification within five years. For areas selected by DOE, the cost associated with RESCO system removal due to FEA extension into the RESCO service area will be covered by DOE. For service areas requested by a RESCO, should FEA electrify all or part of that area, the RESCO will be responsible for the cost of removing systems from the FEA electrified area.

e) RESCO Contracts. A RESCO operator will be competitively selected to provide services in each service area. Selection will be based on a combination of experience, projected cost of service, and services to be provided. RESCO contracts will be for five years and renewable automatically in five year segments unless DOE or the RESCO does not want to continue or there is non-compliance with contract terms. Contracts will be reviewed annually for compliance and if the RESCO is not compliant, contracts may be cancelled if the RESCO is still not in compliance with contract terms after a one-year probationary period. Either DOE or RESCOs may terminate contracts upon one year's notice with penalties to the terminating party pro-rated according to the time completed under the contract before termination.

f) Service charges. Reference service charges will be set for each service area by DOE immediately following service area establishment. These reference service charges set will be set to cover the non-subsidised portion of the capital cost of the installed system as amortised over an extended period of 15 or more years and

will include the full cost of system operation, maintenance, repair and the replacement of failed components.

Reference service charges will be established for independent household systems using a calculation formula that specifically includes all capital, operating costs, maintenance, repair, component replacement cost and RESCO profit less any subsidies provided. Then to determine the reference service charge (\$/month) that amount (\$) will be divided by the number of months of service life for the system with appropriate adjustment for the applicable financial discount rate. The intent of this calculation will be to predict the actual all-inclusive cost of providing electrical service with the installed system. This reference service charge will be the basis for DOE negotiations with the RESCOs for establishing the first year monthly fee for each service area.

After the first year, service charges will be determined through annual negotiations between service area RESCOs and service area households as arbitrated by DOE with the support of the Commerce Commission.

For grid based systems, a calculation formula will be used that specifically includes all capital, operating costs, maintenance, repair, and component replacement costs, RESCO profit less any subsidies provided. Then to determine the reference service charge or cost per unit of electricity (\$/kWh) that amount (\$) will be divided by the total electricity units (kWh) expected to be generated by the installed system over its service life, typically 15 to 30 years, with appropriate adjustment for the applicable finance discount rate. The intent of this calculation will be to predict the actual cost of electricity produced by the system and to establish the first year reference service charges (\$/kWh) to be used to determine monthly charges (\$) for actual electricity consumption (kWh/month). Service implemented through DOE will make use of pre-payment electricity meters. Exceptions will be considered under extreme circumstances.

These reference service charge calculations will be updated annually based on the prior financial experience of operating the installed system.

g) User selection. Users will be self-selected. That is, individual households in service areas may apply to DOE or RESCOs for service and service will be provided so long as designated service fees are paid. DOE will work with RESCOs to ensure that all households within the service area are aware of the availability of services and the terms that have to be met to receive those services.

h) Operation and Maintenance. Operation, maintenance and repair services are to be provided by RESCO operators. Those services will be fully paid from collected user service charges. DOE will establish maintenance standards and will provide technical advice to RESCOs where needed. Technical information collected from RESCOs regarding performance of system components, maintenance audits and general technical audits will be used by DOE to determine any

need for technical modifications or changes in maintenance procedures.

i) Disconnects. DOE will provide authority and support to RESCOs for disconnecting customers that do not pay tariffs and fees and will ensure that service recipients know that disconnects for non-payment will take place.

j) Financial and technical controls. Financial controls and technical controls will be established and administered by the DOE to ensure continuing financial and technical conformance by RESCOs. Requirements for financial controls will include working with RESCOs for the establishment of suitable fee collection arrangements for each service area. Also RESCOs will be required to establish a Component Replacement Fund for each RESCO that will be annually audited by DOE. This fund must be established as an interest bearing bank account to pay for the replacement of batteries and other key components when they wear out. General financial audits of company operations may be carried out when there is need for cost confirmations or other financial determinations.

k) Annual Technical and Management Evaluation. DOE will annually evaluate technical and management performance of the RESCOs for compliance with contract terms.

l) Training. DOE will establish a continuing technical and business training process for RESCO personnel but that training will be paid for by RESCOs as part of their operating cost. Existing training institutions such as FIT and CATD will be utilized for establishing RESCO staff training capabilities.

m) Public Information. DOE will assist RESCOs in providing public information to rural dwellers regarding renewable energy, services available from RESCOs. DOE will also work with RESCOs to develop uses for those services that contribute to rural economic development. DOE will help RESCOs in establishing marketing processes to market the services to rural households and businesses.

n) Customer Feedback. DOE will require service users in each service area to designate representatives to negotiate fee and service structures, to provide feedback to DOE regarding the quality of services provided by RESCOs and to provide a conduit to DOE for complaints regarding actions by RESCOs.

o) Environmental Controls. RESCO operators will agree to ensure the recycling of all storage batteries and the environmentally satisfactory disposal or recycling of other components replaced during the course of RESCO operations. The DOE will establish procedures for the recycling or disposal of failed system components and will audit RESCOs as to their compliance. Environmental controls for fuel storage, used engine oil disposal and control of fuel and oil spillage will be established where needed.

p) Contract with Users. DOE will establish a standard service contract and each home served by a RESCO will be required to agree to:

- For independent power connections, pay a refundable deposit equal to three months of service. This deposit will be returned upon completion of use contract;
- For grid power connections, pay refundable deposits and connection charges equal to those charged by FEA for grid connections;
- Pre-pay service charge according to the prescribed schedule;
- Allow installation of the system and after installation accept liability, for damage to the system, other than normal wear and tear;
- Allow RESCO technicians free and reasonable access to the system;
- Agree to the disconnection and/or removal of the system for non payment of fees;
- Not abuse the system by overloading or by attaching additional appliances without written permission from the operating RESCO;
- Provide for system security and take responsibility for theft or vandalism;
- For independent systems, maintain access to the renewable energy resource such as access to the sun for solar systems or wind for wind power;
- Report technical problems to the RESCO operator immediately;
- Report problems with the RESCO operator to the DOE when they occur.

The RESCO operator will have to agree in the contract to:

- install a system sufficient to provide a specific number of hours per day of service as determined by the appliances allowed to be connected under the contract;
- maintain and repair the installed system as needed for reliable, consistent service;
- For independent systems, make repairs to systems as required within a specified time after being notified of system failure or lose a portion of monthly service fees from that customer.

9. Financial Arrangements

For systems provided to RESCOs by the DOE under lease, the DOE would design, specify and purchase the necessary components for the construction of renewable energy home systems. Those components will be leased to the RESCO operators for a fee that is sufficient for the collection of the non-subsidised component of the capital cost over a 15 to 30 year period. For electrification under the 1993 Rural Electrification Policy, this will amount to 10% of the capital cost.

Fees charged to users will be negotiated with RESCO operators on an annual basis and will include:

- A capital recovery component;
- The cost of maintenance;
- The cost of administering the service provision;
- The estimated cost for future battery and component replacement;
- The cost of any intermediary collection agents;
- A reasonable profit for the RESCO operator;
- A deduction for any subsidy provided by Government.

Service charges will be reviewed annually using audited costs for the previous year for the RESCO provider and the current market cost of replacement components. Service charges will be set annually through a meeting of representatives from users in the service area, the responsible RESCO, the DOE and the Commerce Commission. DOE will act as the arbitrator for fee and service negotiations between the user representative and the RESCO representative. Arbitration will be binding on all parties. The Commerce Commission will provide technical support for cost analysis and assist the DOE in these negotiations.

Fees may be collected as pre-payments by intermediate agents on behalf of the RESCO. For example, through locally based government agencies such as the Post Office. Those fees less the agency collection cost will be provided directly by the collection agent to the RESCO operator or will be deposited in a bank account prescribed by DOE. Each month, the RESCO will be required to pay DOE all fees for leasing of equipment and deposit a DOE specified amount per installed system into a Component-Replacement-Fund bank account administered by the RESCO but audited by the DOE. Money from that fund may only be used to purchase specific replacement parts as required. The amount required to be placed in the Component Replacement Fund will be adjusted annually to reflect the historical requirement for replacement components by the RESCO and forecasts for future replacements. These system lease and Component Replacement Fund payments will be made by RESCOs for all systems installed whether or not their customers have paid their fees.

It will be the responsibility of the RESCOs to ensure that customers pre-pay their service fees and to disconnect them and relocate systems if fee payment is not received. Non-payment by customers in no way will reduce the requirement of the RESCOs to make contractual payments to DOE or into their Component Replacement Fund. The DOE will stand behind RESCOs in performing disconnects and removals and will, if necessary, provide assistance in making a disconnect where the user refuses to allow access or removal of a system for non-payment of fees.

10. RESCO Responsibilities

Direct contact with households to be electrified using will be made by the RESCOs. Their responsibilities will be to:

- Install new systems or take over existing systems in locations established by a negotiated contract with DOE and to contract with households in that area to provide a specified level of service;
- Maintain the proper technical quality for installation and maintenance following standards and regulations imposed by the DOE for equipment and for personnel qualifications;
- Establish the necessary structure in the service area to provide the required periodic maintenance for the systems;
- Ensure that fees are paid and households that do not pay the required fees lose access to electrical services;
- With pre-payment electricity meters RESCOs will ensure that service is only available upon purchase of prepayment token or code;
- Annually negotiate with the DOE and users for setting user fees sufficient to pay the cost of the agreed upon level of service plus an acceptable profit;
- Report periodically to the DOE regarding technical and financial performance;
- Provide public information around their service area to encourage additional households to participate.

RESCO operators contracted by DOE to provide services will be subject to all Fiji law governing commercial businesses as well as laws pertaining specifically to RESCOs.

11. DOE Responsibilities

The DOE will:

- Maintain the technical capability to evaluate RESCO renewable energy system designs and their components to ensure that they are appropriate to the requirements of renewable energy systems for rural electrification in Fiji;
- Ensure that the selected components will perform properly in the Fiji environment for the long term through past project experience in Fiji and in other Pacific Islands or through trials, tests or other generally accepted methods;
- Where systems are purchased by the Government, ensure that a continuing supply of spare parts is available to RESCOs and develop an auditable inventory system for supplying replacement components to RESCOs as needed;
- Work with RESCOs to develop a pre-payment or other fee collection process that is appropriate to the area being served and meets the needs of DOE for auditing and funds security;
- Negotiate annually with RESCOs and users to set fees for service provision through an examination of the actual cost of service provision in the service area and the user requirements for service;

- Ensure each RESCO establishes a DOE audited Component Replacement Fund such that adequate funds are available to the RESCO when major components need to be replaced;
- Develop installation standards and inspection processes to ensure that equipment is properly installed by RESCO operators;
- Where other sources are not available, purchase the electrification equipment and provide the systems to the RESCO operators under a lease type contract that recovers the unsubsidised purchase and installation cost;
- Establish licensing requirements for renewable energy technicians;
- Ensure that a training capability for RESCO technical personnel is developed within existing training institutions;
- Establish criteria for the selection of areas to be electrified and as finance becomes available, make the selection;
- Establish criteria for RESCO operators and use that criteria to contract for provision of service to the selected areas;
- Ensure the timely installation and maintenance of systems in locations established under contract with DOE;
- Perform annual financial and technical audits of RESCOs;
- Work with the Ministry of Finance to arrange funding for implementation of renewable-based rural electrification projects from external donors and Government budgets;
- Retain within DOE the appropriate technical and management staff to carry out the requirements of RESCO based rural electrification.

12. Implementing RESCOs

The GEF project “Promoting Sustainability of Renewable Energy Technologies and Rural Renewable Service Companies in Fiji” that prepares for the implementation of RESCO based rural electrification is scheduled for completion in August 2003. Upon completion of that project, it is expected that the following will be established:

a) RESCO empowering legislation. This charter will provide the basis for legislation to be proposed to place the RESCOs on a sound legal basis and will clearly define the roles of Government, private business and service recipients in providing rural electrification under this concept;

b) Establishment of the economic framework for RESCOs. DOE is developing a transparent pricing framework for rural electrification services. In this pricing framework the true cost of electricity production for all schemes is being estimated;

c) Financing. Negotiations for funding for a 1000-2000 home proof of concept pilot project and for a later large scale project comprising from 10,000-20,000 homes have commenced with funding agencies. It is expected that the proof of concept pilot project will commence in late 2003 and the large scale project approximately two to three years later, assuming the pilot project is successful. An annual input

from the Fiji Government of at least F\$1.5 million is expected to be required in addition to donor funds.

It is planned that by 2010, approximately 100,000 persons in rural Fiji will be served by RESCO operators contracted under the DOE;

d) Training. Business and technical training for the staff of entities that are identified as potential RESCOs has been undertaken. The training encompassed installation and maintenance of renewable-energy based electrification systems of the type currently used in the Nabouwalu and Bua Province pilot projects, which will serve as initial models for larger scale rural electrification using renewable energy. In addition, training in RESCO enterprise operation and management, economic and financial project appraisals and marketing strategies has been included;

e) Public Awareness. A public awareness program has commenced under the project and ensures that a wide range of concerned stakeholders are informed about the renewable energy technologies, their benefits, impacts and availability;

f) Design Oriented Renewable Energy Resource Assessment. This activity provides training for DOE staff and others in renewable resource assessment techniques and gathers and documents a design-oriented database of renewable energy resources. This activity also involves wind and solar radiation monitoring in two identified potential sites;

g) Equipment Testing and Specifications Training. This activity provides training for DOE staff and others in renewable energy equipment testing, preparation of technical specifications and standards;

h) DOE Staffing. To be able to meet the current and future activities required of the DOE, a review of the Department's staffing is being undertaken. A submission on the staff review is envisaged to be sent to PSC in 2002.

13. Requirement for Land

Individual household renewable energy systems installed under the RESCO will not require land to be set aside for the electrification process as there is no central generation facility nor any interconnecting wiring between houses. All equipment will be installed at the user household and the household will be required to allow the installation at the home at no cost in order to receive the services. Where RESCO operations include a conventional small grid with central generation and reticulation, the legal processes now used by PWD and FEA for land acquisition and right of way for power system development will be used.

14. Subsidy Requirements

Capital subsidies may be provided such as that under the 1993 Rural Electrification Policy that provides for a 90% subsidy for capital costs. However, no subsidy will be allowed for recurring costs of operation and maintenance. Fees negotiated annually will fully recover the recurrent cost of providing the services.

15. Taxes and Duties

Given the high priority for rural electrification and the fact that a capital subsidy will be provided by government, renewable energy equipment purchased for installation under this charter would be allowed tax and duty free entry where satisfactory products are not locally manufactured and must be imported. This will mainly be limited to items such as photovoltaic panels and wind generators and some complex electronic controls. Ancillary equipment such as batteries are capable of Fiji based manufacture.

16. Exemption from Regulation

Private companies may rent renewable energy systems to individuals without meeting the regulatory requirements of this charter so long as no government subsidy is provided for the purchase, installation or maintenance of the systems provided to customers. A private company engaged in the rental of renewable energy systems may apply for such subsidies as are being offered by DOE for RESCO operation but if received, must then comply with all aspects of this charter. The DOE will establish specific requirements that an existing private company renting renewable energy equipment or providing renewable energy services must meet in order to be eligible for established subsidies.

