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MEMORANDUM

TO: EESE Board Members
FROM: Jack Ruderman
RE: EESE Board guidance on new renewable energy rebate programs
DATE: January 5, 2010

As you may recall, at November's EESE Board meeting I presented an update on the PUC's residential renewable energy rebate program, discussed our intention to establish additional rebate programs for residential and commercial-scale renewable thermal and electrical installations, and noted that we face multiple challenges in designing and budgeting for these programs.

We will be soliciting your input on these topics at Friday's EESE Board meeting. The following is intended as background information for our discussion.

- Rebate programs are funded by the Renewable Energy Fund (REF), created by the legislature when it enacted the state's Renewable Portfolio Standard law (RSA 362-F) in 2007. The REF receives funding from electricity suppliers (utilities and competitive suppliers) annually. Last July we received just under \$4.5 million. Funding from year to year is unpredictable, but we anticipate sharply reduced revenues next July, quite likely less than \$1 million.
- In July of 2008 the state legislature directed the PUC in HB 1628 to establish a program offering rebates of up to \$6000 for residential solar electric and small wind systems, effective July 2009. Since July we have received 224 applications requesting a total of \$1.3 million in rebates. Of these, 190 were solar electric systems and 34 were small wind systems.
- Shortly before enactment of HB 1628, the PUC adopted administrative rules requiring:
 - The Commission to periodically issue a request for proposals for renewable initiatives to be supported by the Renewable Energy Fund. PUC 2507.03
 - The creation of "a rebate program for customer-sited renewable energy projects of up to 100 kilowatts or equivalent thermal output." PUC 2507.03.

- Given the limited pool of funds, we are inclined to fund additional rebate programs before issuing any RFPs to seek proposals for other types of renewable projects that seek REF funds.
- There is strong demand from ratepayers and renewable energy businesses for additional rebate programs, particularly for solar hot water systems.
- Installers are anxious to have a program in place that will allow them to inform customers about the availability of rebates. Currently customers are reluctant to commit to installations until they know what rebates will be available.
- The PUC will soon be opening a docket concerning the development of a solar hot water rebate program and other thermal and electrical renewable rebate programs. The options for new programs run the gamut from solar hot water to biomass heating systems to wind turbines and solar panels up to 100 kilowatts. Other technologies may also be considered.
- OEP will be providing the PUC with \$500,000 in federal stimulus funds to augment a residential solar hot water rebate program. Rebates for these systems will likely be in the range of \$1000 to \$2000 per home.
- OEP will also be providing the PUC with \$500,000 in stimulus funds for a residential wood pellet heating system rebate program.

SOME QUESTIONS FOR DISCUSSION:

1) Given the uncertainty of future funding, how should the PUC go about planning and budgeting for new rebate programs?

- Should we limit the number of new programs?
 - If so, do certain technologies get preference over others?
 - If so, do we set a cap on the number of recipients in each program in each year?
- Create a range of new programs but fund them only at modest levels?
 - How to allocate limited funds?
 - First come, first served with no preference for technology?
- Starting in 2011, should we reduce the rebate level in the current program, in turn providing more funds for other programs and supporting a policy of reducing rebates as prices and market barriers decrease?

2) Renewable thermal technologies such as wood pellet boilers and solar hot water systems are generally considered more cost-effective than electrical renewables, e.g. wind and photovoltaics. Should thermal technologies therefore be given a higher priority?

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