DE 14-238
DE 11-250

December 18, 2019

New Hampshire Public Utilities Commission
Executive Director
21 South Fruit Street
Concord, NH 03301

Dear Ms. Howland:

I am writing to provide comments on the Joint Proposal for Use of the Clean Energy Fund dated November 7, 2019. I appreciate and agree with the intention to draw in private capital, but as proposed I believe the approach of using the Fund solely for loan loss reserve (LLR) and interest rate buy downs (IRBs) will not be effective, particularly as it relates to the single-family market.

For four years I worked as Vice President of Lending for Connecticut Housing Investment Fund, (now known as Capital for Change) managing several single- and multi-family energy efficiency financing programs, including the statewide residential on-bill financing program with the two investor-owned utilities in the state. Based on this experience, there are two fundamental problems with the proposed used of the Fund: 1) this approach is unlikely to get local banks and credit unions to enter into the energy efficiency lending space in any meaningful way; and 2) low- and moderate-income (LMI) households are unlikely to benefit from such an approach.

Energy efficiency is simply not a business line that traditional lenders are familiar with. Further, given the relatively small size of the loans and the programmatic due diligence piece of these activities, they are usually not very profitable. Lastly, it is cumbersome and time consuming to provide a LLR or IRB on a transaction-by-transaction basis, both for the Fund and the receiving institution. As an alternative mechanism to draw in private capital to the Fund, once a certain number of loans (i.e. 100) have been originated (using the Fund as direct lending capital), these loans can then be used to secure a credit facility from a local commercial bank to provide liquidity for new loans. This is not a complex securitization, but rather a simple commercial loans backed by the existing loans and their repayment streams, where non-performing loans are replaced with performing loans. This has been completed successfully in Connecticut with low transaction costs.

On the issue of LMI households, banks' and credit unions' regulatory requirements and their own lending policies will not allow lending to borrowers without documented ability to repay, regardless of there being a credit enhancement in place. Alternative underwriting, such as by using utility payment history or projected energy cost savings are two ways that can improve reaching LMI households. However it is unlikely that regulated institutions could use such underwriting in their credit decisions.

Using the Fund for direct lending capital, ideally as part of a statewide effort where the three other major utilities coordinate the financing offerings available to their customers, would be much more impactful than focusing on credit enhancements. While the Fund is exclusively for Eversource customers, the other utilities could use alternate sources of capital. Standardization and consistency are critical to reducing consumer confusion and increasing uptake. Using the opportunity of the newly available Fund to create a more systematic approach to energy efficiency financing in NH could be tremendously beneficial.

I care deeply about New Hampshire and the energy future of our state, and I appreciate the opportunity to provide comments. I wish you success in developing the Fund.

Respectfully,

Kevin Porter
Concord, NH