

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 10-212

**RENEWABLE ENERGY INCENTIVE PROGRAM FOR
COMMERCIAL AND INDUSTRIAL SOLAR PROJECTS**

Order Modifying Program Terms and Reopening Program

ORDER NO. 26,111

March 8, 2018

In this Order, the Commission approves modifications to the existing incentive program for solar energy projects undertaken by commercial and industrial electric customers and reopens the program. The changes include reduction in the amount of the rebate to \$0.40 per watt up to a maximum of \$50,000, or 25 percent of total project cost, whichever is less; and consolidation of Category 1 and 2 photovoltaic (PV) projects into a single program that would allow applications for projects with capacities up to and including 500 kilowatts AC. No change is made to the program terms and conditions applicable to solar thermal projects.

I. PROCEDURAL HISTORY

In 2010 the Commission approved a commercial and industrial (C&I) solar rebate program pursuant to RSA 362-F:10, VIII. *See Establishing a Commercial and Industrial Renewable Energy Rebate Program*, Order No. 25,151 (October 1, 2010). The program provides incentive funds to C&I electric customers for solar photovoltaic and solar thermal energy projects. The program is funded by the Renewable Energy Fund (REF) created by RSA 362-F:10. Application for incentive funds is made through a two-step process in which an initial “Step 1” application is typically submitted prior to construction and a final “Step 2” application is submitted once the project has become operational.

The program was expanded and modified pursuant to Order No. 25,764 issued on February 20, 2015, in which the Commission created two separate categories of eligible projects: Category 1, consisting of solar electric and thermal systems rated less than or equal to 100 kilowatts (kW) (AC) or thermal equivalent, and Category 2 consisting of solar electric systems greater than 100 kilowatts (AC) but less than or equal to 500 kilowatts (AC). That Order also modified numerous terms and conditions applicable to the program, but essentially left unchanged the two-step application and approval process. Since 2010, the Commission has made relatively minor modifications and clarifications to the program.

The program was further modified by Order No. 25,878 (April 6, 2016), with rebate amount reductions and other modifications effective as of May 6, 2016. Pursuant to that Order, the program incentive levels currently are \$0.65 per watt (AC) for Category 1 new electric projects, and \$0.55 per watt (AC), but not in excess of \$175,000, for Category 2 new electric projects, in each case subject to a limit of 25 percent of the total project cost if less than the incentive payment otherwise calculated.

Due to high demand and a lack of funds, the program was closed to new applications effective as of July 14, 2017. Following allocation to the program of additional funds for fiscal year 2018 (FY 2018), the Commission by secretarial letter dated September 20, 2017, reopened the program only for waitlisted applications, while keeping the program closed to new applicants.

On February 13, 2018, Commission Staff (Staff) filed a memorandum recommending that the program be reopened with modifications to further reduce the applicable incentive levels and to consolidate Category 1 and 2 projects into a single program that would allow applications for projects with capacities up to and including 500 kW AC. The Commission conducted a

public comment hearing regarding the proposed program modifications on February 23, 2018, and provided an opportunity for submission of written comments. This Order and prior docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted at <http://www.puc.nh.gov/Regulatory/Docketbk/2010/10-212.html>.

II. STAFF'S RECOMMENDATION

According to Staff, after accounting for the release of funding under expired reservations and projects that were unable to advance, the available funding for new program applications during the remainder of FY 2018 is expected to be a minimum of \$660,000. Staff recommended that the program be reopened with that additional funding and with certain program modifications. Based on the limited funding available and anticipated high program demand, Staff recommended that the program incentive level be reduced to \$0.40 per watt, with an overall maximum rebate amount of \$50,000, or 25 percent of the total project cost, whichever is less. According to Staff, this reduced incentive level and maximum rebate amount would allow a greater number of projects to participate in the program. Regarding the combination of Category 1 and Category 2, Staff said combining the two categories would reduce program administration time, while continuing to allow for funding of a broad range of projects with limited available funds.

Staff recommended that the program modifications become effective on a specified future date in order to allow sufficient time for revision of the program application forms, as well as to ensure that applicants will have time to gather and submit the required information. Staff proposed that, upon selection of the reopened program eligibility date, projects that are installed and operational prior to that date would not be eligible for incentives through the modified program. Staff also recommended that the Commission approve a lottery and queue position

determination process to be implemented following the reopening of the program, unless it becomes apparent that the aggregate amount of new project rebates applied for will not exceed available program funds.

III. PUBLIC COMMENTS

The Commission received comments from interested stakeholders, including solar electric system installers. Commenters were generally supportive of the proposed reduction in the incentive level and the consolidation of Category 1 and Category 2 to effectively create a single program category with one applicable incentive structure and amount.

Two commenters objected to the proposed restriction that projects installed and operational prior to the program reopening date not be eligible for incentives under the modified program. Granite State Solar's representative indicated that it had installed a system for a municipal customer during the period that the program was closed and that system owner would be ineligible if the restriction were imposed. He suggested that result would be inequitable given the lack of notice provided when the program was closed. Standard Power's representative expressed concern regarding the potential effect of the proposed restriction on non-profit organizations that had built systems prior to the program reopening date.

IV. COMMISSION ANALYSIS

The C&I solar energy rebate program, like other rebate programs administered by the Commission, is funded by the REF created under RSA 362-F:10. Pursuant to RSA 362-F:3, providers of electric service must serve a certain percentage of their load with renewable energy, which is represented by renewable energy certificates (REC), assigning one REC for each megawatt-hour or megawatt-hour equivalent of renewable power generated. If the electric service provider is unable to acquire a sufficient number of RECs to meet its compliance

obligation, then the provider must make an alternative compliance payment (ACP) into the REF pursuant to RSA 362-F:10, II. The REF monies collected are to be used to support thermal and electric renewable energy initiatives. RSA 362-F:10. Under RSA 362-F:10, X, the Commission must, over each biennial period, reasonably balance the overall amounts expended, allocated, or obligated from the REF between the residential and nonresidential sectors, with reference to the amount of retail electricity sales made to customers in each sector.

We have reviewed Staff's proposed modifications to the program, as well as the comments received from system installers and other interested stakeholders. We find that modification of the program is warranted in light of the continuing levels of interest in the program and budgetary limitations. We therefore approve and adopt Staff's proposed modifications to the program, including the reduction of the incentive amount, setting a maximum rebate amount, and the consolidation of Category 1 and Category 2 into a single program structure and design.

With respect to the proposed restriction that projects installed and operational prior to the program reopening date not be eligible for incentives under the modified program, we see no reason to diverge from the precedent previously set in this docket when the program has been reopened following a period of closure. For example, in 2016 we directed that, "[f]or each program category, the eligibility date will be May 6, 2016, and projects that are installed and become operational prior to such date will not be eligible for the modified program," when Category 2 of the program had been closed for some time prior to that date. *See* Order No. 25,878 (April 6, 2016) at 28. Project developers that installed and interconnected systems during the period when the program was closed and its future funding was uncertain may be

presumed to have had a less pressing need for the rebate than those that wait to build until the program is reopened.

We acknowledge that the residential renewable electric generation incentive program was recently reopened without any date restriction on system eligibility, including for those systems installed during the time period when the program was closed to new applications. *See* Order No. 26,075 (November 20, 2017) at 10. That decision was made consistent with the statutory requirement to provide a one-time incentive payment per facility to any residential owner of a qualified small renewable generation facility. *See* RSA 362-F:10, V. By contrast, Commission administration of the C&I program is not required by statute, but has been adopted and approved by Commission order under RSA 362-F:10, VIII. That statute does not require payments to specific classes of renewable energy system owners, but rather provides the Commission the opportunity to create incentive programs for the development of renewable energy facilities, with greater flexibility afforded for determining the timing and availability of any payments to be made through those programs.

Staff has recommended that the program modifications become effective on a specified future date to allow enough time for the program application forms to be revised, as well as to ensure that applicants have sufficient time to gather and submit the required information for the modified program applications. We have considered the relevant issues and have determined that the following transition process and timeline should be implemented.

The modified program terms and conditions approved in this Order will become effective on March 19, 2018, and the program will be reopened on that date. All applications received on or after that date will be processed under the program terms and conditions as modified by this

Order. The eligibility date will be March 19, 2018, and projects that are installed and become operational prior to such date will not be eligible for the modified program.

In anticipation of robust demand for and potential oversubscription of the reopened program, we will conduct a public lottery to allocate initial queue positions for applications received by the close of business (4:30 p.m.) on April 23, 2018. The public lottery will be held on April 30, 2018, at 1:00 p.m. If it becomes apparent that the aggregate amount of new project incentives applied for will not exceed available program funds, then the lottery will be cancelled.

We have previously implemented a lottery process for the C&I program and also for the residential renewable rebate program, and we believe that process should facilitate an orderly and equitable means of administering applications for a limited amount of funds. In the interest of increased administrative efficiency, we encourage Staff to implement an automated process for conducting the lottery. Notwithstanding an application's initial or subsequent queue position in the lottery, incentive funds will be reserved and ultimately paid to the project owner only if budgeted monies are available for such reservation and payment. If the initial application and lottery process results in a significant number of waitlisted applications, we may again consider closing the program to new applications.

We therefore direct Staff to implement application submission, processing, review, and approval procedures consistent with this Order. To facilitate administration, we authorize Staff to make clerical, administrative, and other modifications to program application forms and processes without further Commission approval, provided that such modifications are consistent with this Order.

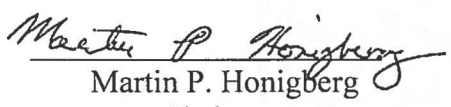
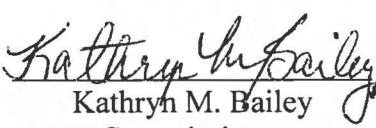
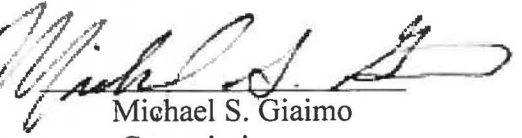
Based upon the foregoing, it is hereby

ORDERED, that the Commission's commercial and industrial solar rebate program shall be modified as described in the body of this Order; and it is

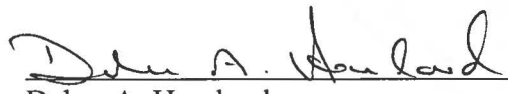
FURTHER ORDERED, that Staff is directed to implement program application submission, processing, review, and approval procedures consistent with this Order; and it is

FURTHER ORDERED, that Staff is authorized to make clerical, administrative, and other modifications to program application forms and processes without further Commission approval, provided that such modifications are consistent with this Order.

By order of the Public Utilities Commission of New Hampshire this eighth day of March, 2018.

 Martin P. Honigberg Chairman	 Kathryn M. Bailey Commissioner	 Michael S. Giaimo Commissioner
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Attested by:


Debra A. Howland
Executive Director