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THE STATE OF NEW HAMPSHIRE



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March 26, 2010

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street Suite 10
Concord, New Hampshire 03301

Re: Docket No. DE 10-024
Solar Water Heating Rebate and Renewable Energy Fund Budgets
Revised Applications Following Hearing



Dear Ms. Howland:

On March 18, 2010, the Commission held a public comment hearing on the above-captioned docket. At the hearing the Commission requested that the Staff explain how it arrived at a budget of \$500,000 for the solar water heating rebate payment. In addition, members of the public and the Commission identified certain aspects of the application that needed clarification. This letter provides an explanation of the budget for the solar water heating budget and includes the solar water heating rebate application revised to clarify the issues raised at the hearing. Finally, Staff reiterates its recommendation regarding a budget for the Renewable Energy Fund (REF) through June 30, 2011.

Staff recommended a budget of \$500,000 for the solar water heating incentive program for a number of reasons. First, we considered that the \$750 appliance rebate funded by the American Reinvestment and Recovery Act (ARRA) moneys provided by the Office of Energy and Planning (OEP) as a supplement to the Commission's base rebate would support 660 solar water heating installations. We surveyed other states and found that rebate amounts for residential solar hot water (SHW) systems average between \$1,250 and \$2,000. We spoke with installers in New Hampshire and asked what level of incentive they thought necessary to incent consumers to buy SHW systems, taking into account the 30% federal tax credit. Most advocated a rebate of \$1,250 to \$1,500 per system.

Given that nearly all consumers who apply for the base rebate will also be eligible for the additional \$750 appliance rebate, we set the budget for the Commission's base to provide a rebate payment of \$500 for the first and \$250 for the second collector, recognizing that the most common installations will have one or two collectors. We added a third tier rebate of \$125 for a third collector for those installations that may be intended to support solar thermal use in the home. Staff estimates that most consumers who apply for a rebate will receive a total of either \$1250 or \$1500, while a small percentage will receive \$1625. Staff expects that rebates at these levels will provide a compelling incentive for the installation of these systems.

We have revised the application to clarify the time frames within which the applications have to be installed to be eligible for the Part A base rebate and the Part B appliance rebate. The application has also been clarified in reference to the standards for collectors (OG-100) and systems (OG-300). In addition, based on comment at the public hearing, the application continues to characterize collectors by the Btu output produced. The revised forms are attached for your review and consideration.

We reiterate the recommendations that we filed on March 15, 2010. Although a representative for the Granite State Hydropower Association (GSHA) urged the Commission to issue a request for proposal (RFP) for the \$1 million the Staff proposes to allocate for commercial and industrial (C&I) renewable incentive programs, we maintain that current REF moneys are inadequate to support an RFP. We heard that GSHA would like to compete for REF monies to install fish ladders to make the small hydropower units eligible for Class IV Renewable Energy Certificates (RECs) or to increase output. Per our letter of March 15, 2010, we believe it is premature at this time to issue an RFP, given the need to first establish an incentive program for commercial and industrial ratepayers. We developed the proposed budget recommendation taking into account the need to support the solar water heating program, C&I incentives, and the existing mandates of RSA 362-F:10,V for residential electrical renewable installations. We recommend that the Commission only consider issuing an RFP if future payments to the REF allow an additional \$1 million for a C&I incentive program (for a total budget of \$2 million).

As noted at the hearing, the ARRA money will only be available for the Part B rebate if the program is approved before April 22, 2010. We urge the Commission to approve the program with a start date of April 19, 2010 to take advantage of the publicity planned by the Department of Energy for state renewable programs in recognition of Earth Day.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Suzanne G. Amidon', written in a cursive style.

Suzanne G. Amidon
Staff Attorney

Encl.