

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 10-024

**RESIDENTIAL SOLAR WATER HEATING REBATE PROGRAM INCENTIVE
LEVELS**

Order Modifying Incentive Payment

O R D E R N O. 25,258

July 29, 2011

I. PROCEDURAL BACKGROUND

On April 21, 2010, the Commission issued Order No. 25,092 in this docket, which approved among other things a residential solar water heating rebate program pursuant to RSA 362-F:10, VIII. In Order No. 25,092, the Commission approved a two-part rebate, based on two sources of funds. The first rebate, funded with money from New Hampshire's Renewable Energy Fund (REF) created by RSA 362-F:10, I, provides a three-tiered incentive payment scaled to the size of the solar water heating system based on rated annual system output, with an output rating typically equivalent to one collector receiving \$600, two collectors receiving \$750 and three collectors or more receiving \$900 (State Rebate). The Commission allocated \$500,000 from the REF to fund the State Rebate.

The second rebate is funded by the federal American Recovery and Reinvestment Act (ARRA) through the New Hampshire Office of Energy and Planning (OEP). In Order No. 25,092, the Commission approved an appliance rebate of \$750 for qualifying systems (Federal Rebate). On November 17, 2010, the Governor and Executive Council approved OEP's request

to increase the Federal Rebate to \$2,000 for qualifying systems. The OEP allocated \$496,000 of ARRA money for the Federal Rebate.

Staff filed a memorandum with the Commission on July 15, 2011, regarding the status of the State and Federal Rebates. According to Staff, of the \$496,000 of ARRA money allocated to this program by OEP, all but \$8,000 has been paid or reserved to program participants. Of the \$500,000 available for the State Rebate, \$335,000 remains available for the residential solar water heating program. To prevent a sudden reduction from an average combined rebate of \$2,600 per participant to a \$600 to \$900 per participant State Rebate only when the Federal Rebate is exhausted, Staff recommended that the Commission increase the State Rebate to an amount that would sustain active program participation.

Staff stated that it had conducted research and surveyed the installer community. Based on its analysis, Staff recommended that the State Rebate be increased to \$1,500, \$1,700 and \$1,900 for the three rebate tiers. According to Staff, based on historical program participation, another 217 applicants could participate in the program at these rebate levels with the \$335,000 of remaining state rebate funds. Staff recommended that this change take effect immediately upon the exhaustion of the ARRA/OEP Federal Rebate funds.

In addition, Staff recommended that systems with an annual production, including shading losses, of 5.5 million British Thermal Units (MMBtus) qualify for the Tier 1 State Rebate, assuming the system meets all other program requirements. Staff explained that the decreased output level would better allow small households to purchase more affordable and appropriately sized systems without compromising quality or accommodating excessive shading losses.

To solicit public comment on Staff's recommendations, the Commission issued a Notice of Opportunity to Comment on July 18, 2011, which provided for public comment by July 28, 2011.

Comments were made in the following categories:

1. The program should continue regardless of the source of the funds (one comment);
2. The proposed change should be adopted so the program can continue (one comment);
3. Money should be diverted to the residential solar PV (electric) rebate program (two comments); one such commenter suggested reducing the rebates for solar water heating into the \$800 to \$1,200 range and increasing the rebate cap for PV systems to \$7,000 with no limits on facility size; and
4. One comment asked whether the systems would be required to have the same performance as is required by solar PV electric systems.

II. COMMISSION ANALYSIS

We have reviewed Staff's proposal and conclude that adoption of the proposed change in the State Rebate level and the MMBtu size for the Tier 1 State Rebate will help sustain participation in the residential solar water heating rebate program. Given the imminent exhaustion of funds to support the Federal Rebate, we will approve the recommendation effective with the date of this order.

Two parties recommended that we shift monies dedicated to the residential solar water heating rebate program to the residential solar PV rebate program. We decline to do so at this time for the following reasons. First, we previously determined in Order No. 25,092 that the residential solar water heating rebate program is consistent with the type of programs eligible for

support from the REF pursuant to RSA 362-F:10, VIII. Further, we note that while \$500,000 is the limit on funds for the solar water heating rebate program, more than \$2,266,763 has been paid through the REF to support the residential solar PV rebate program. Finally, the renewable portfolio standards compliance deadline was July 1, 2011, and certain providers of electricity made payment into the fund, some of which will be available in the current fiscal year to support the residential solar PV rebate program within the limits prescribed by RSA 362-F.

One party advocated that we reduce the solar water heating incentive and increase the rebate for the residential solar PV program to \$7,000 and remove the limit on system size. The residential solar PV rebate program was mandated by RSA 362-F:10, V, which at the time of enactment limited the maximum rebate to \$6,000 and the system size to less than 5 kilowatts. Subsequently, the General Court passed RSA 362-F:10, IX which allows the Commission, after notice and hearing, to modify the residential solar PV rebate program, including reducing the incentive level. The General Court also enacted RSA 362-F:10, X which requires the Commission to balance the REF monies among the residential, commercial, and industrial sectors based upon the proportion of electric retail sales to each sector. Following passage of this requirement to balance REF expenditures, and recognizing the amount of money obligated to the residential solar PV system program, the Commission used its authority under RSA 362-F:10, IX to reduce the overall rebate for residential solar PV systems from \$6,000 per system to \$4,500 per system. It is not clear if RSA 362-F:10, IX also authorizes the Commission to increase the incentive payment once we have reduced it but because REF expenditures must be balanced between residential and non-residential customers, we do not seek to increase the incentive payment at this time.

Our intent in developing rebate programs funded by the REF is to support the development of an array of renewable energy facilities for both residential and non-residential customers consistent with the overall purpose of RSA 362-F. We find that adjusting the rebate for the solar water heating rebate program to help sustain the installation of solar water heating systems is in the public interest.

Finally, recognizing that there is a limited amount of funds allocated for the solar water heating rebate program, we hereby approve the automatic reduction of rebates by \$150 for each tier once the current program budget is depleted down to \$100,000 or total program participation reaches 400 applicants. We find that authorizing such an automatic adjustment is administratively efficient and in the public interest.

Based upon the foregoing, it is hereby

ORDERED, that effective the date hereof, the solar water heating State Rebate shall be increased as follows provided the system otherwise meets the requirements of the program: \$1,500 for Tier 1, \$1,700 for Tier 2, and \$1,900 for Tier 3; and it is

FURTHER ORDERED, that effective the date hereof, solar water heating systems with an annual production, including shading losses, of 5.5 million British Thermal Units (MMBtus) qualify for the Tier 1 rebate; and it is

FURTHER ORDERED that the: the rebate levels be decreased by \$150 per system to levels of \$1,350, \$1,550, and \$1750 for Tier 1, Tier 2, and Tier 3, respectively, when the current program budget is depleted down to \$100,000, or total program participation reaches 400 applicants, whichever comes first.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of July, 2011.

Thomas B. Getz

Thomas B. Getz
Chairman

Clifton C. Below

Clifton C. Below
Commissioner

Amy L. Ighatius

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Commissioner

Attested by:

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07/29/11 Order No. 25,258 issued and forwarded to all parties. Copies given to PUC Staff.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with: DEBRA A HOWLAND
EXEC DIRECTOR & SECRETARY
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.

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