

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: August 26, 2010

AT (OFFICE): NHPUC

FROM: Kate Epsen *KE*

SUBJECT: Docket No. DE 10-212, Commercial and Industrial Renewable Energy Rebate Program – **REVISED** Design Considerations, post technical session

TO: Chairman Getz, Commissioner Below and Commissioner Ignatius

On August 10, 2010, the Commission issued a notice of opportunity to comment on a “straw man” proposal for a commercial and industrial (C&I) rebate program. The notice scheduled a technical session to give the Staff an opportunity to consider comments from interested parties. Twenty-two stakeholders including representatives of installation companies, utilities, and non-profits attended the session. Three additional members of the public submitted written comments via email prior to the session. Based upon the written and oral input received from the technical session, Staff has added to, and revised, the “straw man” described in the notice. Staff is providing these changes and its recommendations to the Commission and technical session participants at this time so that interested parties can comment on them at the public hearing at 10 a.m. on August 30, 2010 and the Commission may consider them in the adoption of a C&I rebate program. The recommendations follow.

Eligibility

1. Include a specification that process and space heating in solar thermal applications are eligible to receive a rebate under this program.
2. Multi-family housing, for purposes of this program, is defined as a master metered building with 3 units or more.
3. Shared-ownership projects or projects on leased space may be eligible if building owner has granted permission and/or is a project partner.
4. Customers of municipal electric utilities are not eligible for the rebate.
5. The program shall not require a length of prior existence or prior operations for program participation. New businesses, schools, etc. should be eligible to participate.
6. The program shall require that the applicant is the project owner and an end-use customer of a provider of electricity located in New Hampshire (Ref. Puc 2507.04). This issue was discussed at the technical session as highly problematic for business models involving purchased power agreements (PPAs) and third party project ownership in rebate program participation; Staff recognizes this problem, given Puc 2507.04, and recommends that a rule revision may be critical in the future in order to include these type of projects in a state rebate program.

Program Funding

1. Include funding flexibility language, such as, “no less than 25% of total funds and no more than 75% of total funds shall be allocated to only solar electric projects, or only solar thermal projects.”

Rebate Levels

1. System expansions are eligible only at a reduced rebate amount relative to new systems.
2. An individual project shall not receive rebates from the state and utility in combination that exceed 40% of the total project cost.

Program Terms and Conditions

1. The program shall have a minimum occupancy requirement, defined by minimal seasonal occupancy that coincides with system output and/or that the onsite load coincides with designed system output.
2. Program terms and conditions shall include a term whereby if an installer demonstrates poor performance under the program, by evidence of the third-party inspection and independent monitoring, that that same installer will be barred from future participation in the rebate program.
3. The program shall require that a third-party inspector inspect and sign-off on the system before the final rebate check is issued.

Technical Requirements

4. In the rebate application form there will be a technical standards section that is separate from the general program terms and conditions.
5. Solar fraction requirement should not be limited to 50% for commercial solar thermal applications.
6. Remove language referring to “ industrial-scale solar systems”; this language is unnecessarily confusing and misleading given that our administrative rules state that rebated systems cannot exceed 100 kW in size.
7. The program shall require all applicants to submit RETScreen modeling analysis¹ and a system schematic and/or construction drawings.
8. Solar thermal systems shall have a Btu meter to measure output if the system has a collector area of approximately 500 square feet or more.

Energy Efficiency

1. The program shall require, at minimum, a level II audit, thermal and electric. The program shall strongly recommend that applicant (project owner) install all measures outlined in auditor’s report with a simple payback of 2-3 years or less.

¹ RETScreen is a free renewable energy modeling tool. Learn more about this software [here](#).

The program requirement involving energy efficiency audits and installed measures is a very complex one, as there are different levels, quality, and costs of audits. The recommended installed measures and their associated costs resulting from an audit would also vary from audit to audit and building to building, further complicating such a requirement. While there are a number of programs both regionally and nationally that include an energy efficiency requirement or adder [to the base incentive], the Commission may wish to request supplemental testimony on this topic. Other issues on which the Commission may want to request additional testimony during the public hearing include the tracking and reporting of system output, the process by which a few selected systems larger than 45 kW may receive an incentive that exceeds the \$50,000 cap, and; a cap or quota on installer participation in the rebate program in order to prevent a single (or a very few) installer company from dominating or banking the limited incentive funding.

If the Commission agrees with the Staff recommendations on the revised and additional program parameters, then the appropriate revisions will be made to the program application form.