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**VIA HAND DELIVERY AND  
ELECTRONIC MAIL**

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Ms. Debra A. Howland  
Executive Director and Secretary  
New Hampshire Public Utilities Commission  
21 South Fruit Street Suite 10  
Concord, New Hampshire 03301-2429

**Re: DE 10-212 Establishing A Commercial and Industrial Renewable Energy  
Rebate Program**

Dear Ms. Howland:

The Granite State Hydropower Association ("GSHA") appreciates the opportunity to comment on the proposed establishment of a Commercial and Industrial Renewable Energy Rebate Program ("C&I program").

GSHA supports the decision of the Public Utility Commission ("Commission") to expand the use of the state's Renewable Energy Fund ("REF") beyond the existing programs that to-date only support small residential renewable energy facilities. However, GSHA is greatly disappointed that the Commercial and Industrial Renewable Energy Rebate Program proposed by the Commission Staff is limited to commercial and industrial-scale solar photovoltaic arrays ("PV") and solar water heating systems ("SHW"), to the exclusion of all other renewable technologies. The proposed C&I program preselects and unduly limits the technologies deemed eligible to access the REF funds and establishes a fixed rebate structure with caps. Such an approach precludes an open, fair, competitive and unbiased process that would optimize the use of New Hampshire ratepayers' REF monies by evaluating **all** types of renewable energy technologies and projects.

The proposed C&I program does not provide any assurance that ratepayers' money is being stretched as far as possible to maximize the benefits from subsidizing renewable energy projects. GSHA does not believe the proposed rebate program will utilize REF monies in the most cost-effective manner. GSHA is also concerned that the proposal does not reflect the extensive policy discussions leading up to the Legislature's recent changes to RSA 362-F:10, pursuant to House Bill 1270. These changes were

intended to make a number of clarifications, including that competitive opportunities to participate in initiatives funded by the REF must be afforded to the broadly-defined nonresidential sector<sup>1</sup> and to **all** types of renewable projects. Nothing in RSA 362-F:10 states that the Commission should give PV and SHW preferential treatment over other renewable technologies in the nonresidential sector; had that been the Legislature's intent, presumably it would have been reflected in HB 1270.

GSHA respectfully requests that the Commission offer an open, competitive and transparent process with a level playing field for **all** renewable energy technologies to compete for grants from the REF, instead of (or at least before) offering the proposed C&I rebate program for PV and SHW. Under a competitive approach, the Commission would not need to predetermine an administratively-set incentive or rebate for each renewable technology. Rather, the Commission could use a market-based approach whereby renewable projects could bid for grants of any amount from the REF, and those projects that demonstrate the greatest value in helping to meet the state's renewable energy goals at the lowest cost would be awarded grants.

Adequate funding for an RFP currently exists, given that \$1.34 million in Alternative Compliance Payments was deposited into the REF on July 1, 2010, far exceeding the Commission's predictions. It is GSHA's understanding that \$1.26 million of the \$1.34 million resulted from a shortfall in Renewable Energy Credits ("RECs") in Class IV, existing small-scale hydro.<sup>2</sup> Approximately \$2 million could be allocated to a competitive RFP by combining the \$1.75 million proposed for the C&I solar rebate program with the "minimum of \$200,000" being reserved for an RFP.<sup>3</sup> By adopting this approach, the Commission would be taking steps to comply with RSA 362-F:10 XI, which requires the issuance of an RFP no later than March 1, 2011. Furthermore, the Commission would be opening up the process such that REF monies could potentially be used to help address shortfalls in the Class IV REC market in a cost-effective manner.

By implementing an RFP process like the one described above, the Commission would be using a procedure that identifies the highest and best use for a given amount of REF funds made available for nonresidential sector renewable projects. GSHA notes that other states use similar procedures; for example California is requiring their largest investor-owned utilities to hold competitive auctions into which renewable developers

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<sup>1</sup> Per HB 1270, the nonresidential sector includes commercial and industrial energy users, existing generators, and developers of new commercial-scale renewable generation in New Hampshire.

<sup>2</sup> This information was obtained from Staff in the Commission's Electric Division.

<sup>3</sup> Commission Staff's Memo "Commercial and Industrial Renewable Energy Rebate Program – Design Considerations," July 26, 2010, page 1. <http://www.puc.state.nh.us/Sustainable%20Energy/Memo-CIRebateProgramDesignConsiderations.pdf>.

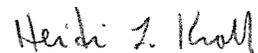
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can bid. Contracts are awarded starting with the lowest-cost viable project and move up in price until a stated megawatt requirement is met. In New Hampshire's case, the Commission would move up the bid stack until the allotted REF monies (e.g., \$2 million) are awarded.

In closing, GSHA eagerly awaits to participate in a transparent, open, and inclusive process that provides the opportunity for **all** renewable energy sources to access the REF on a level playing field. GSHA has expended significant time and money participating in the legislative development and passage of HB 1270 as well as in this and prior Commission proceedings relating to the state's REF monies. In spite of the fact that the small hydropower industry is an important part of New Hampshire's renewable energy industry, the existing and proposed REF programs have precluded, and continue to preclude, participation by GSHA projects as well as other non-solar renewable energy projects. GSHA looks forward to participating.

Thank you for the opportunity to offer these comments.

Sincerely



Heidi L. Kroll  
On Behalf of The Granite State  
Hydropower Association

cc: Service List (via electronic mail only)