



STATE OF NEW HAMPSHIRE

Intra-Department Communication

DATE: April 7, 2015**AT (OFFICE):** NHPUC

FROM: Karen Cramton, Director, Sustainable Energy Division 
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SUBJECT: DE 10-212, Commercial and Industrial Solar Rebate Program
Recommended Clarifications Regarding Modified Program

TO: Martin P. Honigberg, Chairman
Robert R. Scott, Commissioner
Debra A. Howland, Executive Director and Secretary

CC: David K. Wiesner, Staff Attorney

The Commission approved a Commercial and Industrial (C&I) solar incentive program (Program), pursuant to RSA 362-F:10, VIII, by Order No. 25,151 issued on October 1, 2010. The Program was recently expanded and modified pursuant to Order No. 25,764, issued on February 20, 2015 (Modification Order). Since the issuance of the Modification Order, Staff has become aware of certain approved Program terms and conditions that warrant further clarification. Also, in view of the anticipated high demand for incentive payments under the Program and the limited funding available to meet such demand, Staff recommends that an orderly, efficient and equitable process be developed for determining the initial queue position for applications submitted on the first day of the expanded and modified Program. Staff also recommends that an appropriate process be implemented regarding the maintenance of assigned queue positions for complete applications.

In summary, the Program terms and conditions recommended for clarification include the following:

- Maximum Capacity and Incentive Calculation
- Program Facility Eligibility Date
- Energy Audit Requirements
- Program Category Budgets
- Applicant Caps Based on Program Category Budgets
- Queue Position for Initial Program Applications
- Maintenance of Queue Positions for Complete Applications

Maximum Capacity and Incentive Calculation

The Modification Order specifies that, to determine Program eligibility for solar electric facilities, the relevant capacity determination is based on the rated capacity of the facility inverter in watts (AC). The incentive payment is then calculated based on this rated AC capacity of the inverter. Several interested parties have expressed concern that installers might effectively oversize inverter installations in order to qualify for a higher incentive payment. To remove the perverse incentive for such inefficient facility designs, and consistent with the intent of the Modification Order, Staff recommends that the Commission clarify that the incentive payment for a facility in either category of the Program will be determined based on the lesser of the rated AC maximum output power capacity of the inverter installed and the DC capacity of the solar panels installed at the solar electric facility.

In other words, if the rated AC maximum output power capacity of the facility inverter exceeds the DC capacity of the solar panels installed (as determined under standard test conditions (STC)), then the incentive payment amount will be based on the DC capacity of the panels rather than the AC maximum output power rating of the inverter.

All other incentive payment caps, including the cap based on 25% of total facility costs, and the cap based on 40% of total facility costs taking into account rebates and grants received from other federal, state, local, and utility program sources as well as the Program, would remain applicable to the incentive payment calculation.

To further clarify the inverter capacity determination, Staff recommends that the AC inverter capacity be based on the same capacity rating approved by the distribution utility through the interconnection process. The utilities base their interconnection agreements on the rated maximum inverter power output capacity, as demonstrated by the specification sheets for the inverter. In order to provide documentary support for the inverter capacity determination, Staff recommends the Commission clarify that applicants must submit specification sheets for the inverters and panels to be installed at the time of submission of the Step 1 application. In addition, if equipment changes are made prior to or during facility installation, new specification sheets for the inverters and/or panels must be submitted at the time of Step 2 application submission.

Program Eligibility Date

The Modification Order did not specifically state the eligibility date for applicants for the expanded and modified Program; therefore, Staff recommends that the date be explicitly defined. The Modification Order set a final date for submission of applications under the original Program of March 6, 2015 and a commencement date of April 17, 2015 for the expanded and modified Program. Staff recommends that the Commission define the eligibility date for facilities with a capacity less than or equal to 100 kilowatts (DC) as March 7, 2015. For facilities with a capacity greater than 100 kW (DC), the Staff recommends an eligibility date of April 17, 2015, the commencement date for the expanded and modified Program.

Audit requirements

The Step 2: Final Incentive Request Form requires the documentation of a completed professional energy auditor's report. Staff recommends clarification that the energy audit must be performed by a qualified energy auditor that is either BPI-certified or RESNET-certified.

For incentive applications for C&I facilities that plan to group net meter and include residences, Staff recommends that a Home Performance with Energy Star (Core program) energy audit or equivalent be performed and form the basis for the report submitted with the Step 2 application for the residential units only.

Further, Staff recommends clarification of the requirements for waiver of the energy audit condition if the applicant provides proof of significant energy efficiency measures installed within 5 years prior to the Step 2 submission date, along with supporting benchmarking data that illustrates energy savings. For applications for C&I facilities that plan to group net meter and include residences, waivers may be requested based on Home Performance with Energy Star audit recommended measures installed within 5 years prior to the Step 2 submission date for the residential units only. Waivers for new construction will be granted, provided that the construction is completed to current Energy Code standards.

Program Category Budgets

As of the date of this memorandum, the remaining balance of budgeted funds available for reservation under the Program is \$4,565,102. Staff recommends that \$2,282,551 of this total amount be allocated to Category 1 of the Program, and \$2,282,551 of this total amount be allocated to Category 2 of the Program. Based on these recommended Program Category Budgets, Table 1 shows the approximate number of solar photovoltaic projects that could receive an incentive if all of such projects had the indicated capacity size. Note that Category 1 of the Program includes solar thermal as well, but for these illustrative purposes, photovoltaic projects are assumed as the basis for the estimated number of projects. As shown, Category 1 would fund approximately 30 to 152 projects, and Category 2 would fund approximately 7 to 29 projects.

Table 1. Estimated Number of Projects Funded with the Recommended Budget

Capacity (kW AC)	Estimated Number of Projects
Category 1	
20	152
100	30
Category 2	
120	29
500	7

Applicant Caps Based on Category Budgets

One of the applicable applicant caps approved in the Modification Order is based on the Program Category Budget. If the Commission allocates the Program Category Budgets as recommended above, the 30% applicant cap for each Program category would be as shown in Table 2 below.

Table 2. Applicant Caps

Category	Budget	Applicant Cap (30% of Budget)
Category 1	\$2,282,551	\$684,765
Category 2	\$2,282,551	\$684,765

Queue Position for Initial Program Applications

In view of the limited available funding and the anticipated high demand for incentives under the expanded and modified Program, and the benefits of an orderly, equitable and efficient means of receiving and processing Program applications, Staff recommends that the initial queue position for Category 1 and Category 2 Program applications submitted upon commencement of the modified Program be established through a public lottery drawing process. Under this proposal, all applications received before the close of business on the commencement date of the expanded and modified Program, April 17, 2015, would be assigned an initial queue position based on the lottery drawing for the respective Program category rather than on the time stamp of application receipt.

In the proposed lottery drawing process, each such application would be given a number, and this number would then be used in the drawing. In a public session, Staff would draw numbers at random, and the order of the numbers drawn would determine the initial queue positions of the corresponding applications in the two respective Program categories. Any application received after the close of business (4:30 p.m.) on Friday, April 17, 2015 would be assigned an initial queue position in the order of receipt, but all of such later applications would be placed lower in the initial queue than the applications included in the lottery drawing process.

The proposed lottery drawing process would avoid having the timing of submittal on the modified Program commencement date be the deciding factor for an applicant's initial queue position. It would permit a more orderly, efficient and equitable means of assigning initial queue positions, and avoid disadvantaging applicants unable to physically travel to the Commission at an early hour on a particular day in order to secure a desired queue position. Staff believes that this proposal represents the most fair and efficient means of assigning initial queue positions, while avoiding a potentially chaotic commencement of the expanded and modified Program.

Maintenance of Queue Positions for Complete Applications

Staff believes it is important to adopt a process for maintaining the integrity of Program application queue positions, while ensuring that applicants that have not submitted complete applications and supporting documentation are not able to hold queue positions ahead of applicants lower in the initial queue that have submitted complete applications and supporting documentation.

Staff therefore proposes to adopt procedures whereby applications will be reviewed based on initial queue position, and any applicant with a submitted application deemed not to be complete would be sent a written or e-mail request for additional information necessary to complete the application. An applicant issued such a written or e-mail request would have a period of five business days from the date of the request to submit the requested additional information, failing which the applicant would lose its initial queue position and be assigned the lowest position in the applicable queue, which may result in placement on the related waitlist, and would stay in the lowest queue position until the requested additional information is provided.

Further, Staff proposes to adopt procedures whereby an applicant with an application deemed to be complete must respond to Staff's subsequent written or e-mail request for clarification or explanation of application information or documentation within 10 business days from the date of the request. Failure to provide the requested clarification and explanation in writing within this timeframe would result in the applicant losing its current queue position and being assigned the lowest position in the applicable queue, which may result in placement on the related waitlist, and staying in the lowest queue position until the requested clarification and explanation are provided.

Staff also recommends the Commission clarify that applications that are duplicative or redundant of other applications in the queue will not be maintained in the queue, and that queue positions may not be sold or otherwise transferred except in connection with a sale or transfer of the project described in a complete application holding that queue position.

Staff believes this proposal appropriately balances the important objectives of preserving Program integrity and facilitating timely Program administration, while respecting the rights and interests of applicants that have submitted complete applications for Program incentive payments and have provided timely responses to requests for further clarification and explanation of application information and documentation. Staff

requests that the Commission endorse this proposal for administration of queue positions in the Program.

In summary, Staff recommends that the Commission clarify the following:

1. The incentive payment calculation will be based on the lesser of the maximum inverter output power capacity rating in kW (AC) and the installed solar panel capacity rating in kW (DC). To verify these capacities, the applicant must submit the inverter and panel specification sheets with the Step 1 application and any changes in specifications with the Step 2 application. The maximum inverter output power capacity rating for these capacity determinations will be the same as that used by the interconnecting utility through the interconnection process.
2. The Program eligibility date is March 7, 2015 for facilities less than or equal to 100 kW (DC) and April 17, 2015 for facilities greater than 100 kW (DC).
3. The required energy audit must be performed by a qualified energy auditor, and the energy audit report and waiver requirements shall be clarified as outlined above in this memorandum.
4. The Program Category 1 budget is \$2,282,551, and the Program Category 2 budget is \$2,282,551.
5. The applicant cap based on the Category 1 budget is \$684,765, and the applicant cap based on the Category 2 budget is \$684,765.
6. The initial queue position for applications received by the close of business (4:30 p.m.) on April 17, 2015 will be determined during a public lottery drawing to be held at the Commission.
7. An applicant with a submitted application deemed not to be complete will be sent a written or e-mail request for additional information necessary to complete the application, and will have a period of five business days from the date of the request within which to submit the requested additional information, failing which the applicant will lose its initial queue position and be assigned the lowest position in the applicable queue and will stay in the lowest queue position until the requested additional information is provided.
8. An applicant with an application that is deemed complete that is issued a written or e-mail request to provide further clarification or explanation necessary to complete processing of the application, will have a period of ten business days from the date of the request within which to submit the requested clarification and explanation, failing which the applicant will lose its current queue position and be assigned the lowest position in the applicable queue and will stay in the lowest queue position until the requested clarification and explanation are provided.

9. Applications that are duplicative or redundant of other applications in the queue will not be maintained in the queue, and queue positions may not be sold or otherwise transferred except in connection with a sale or transfer of the project described in a complete application holding that queue position.