

STATE OF NEW HAMPSHIRE

Intra-Department Communication

DATE: April 14, 2015

AT (OFFICE): NHPUC

EM
 FROM: Elizabeth R. Nixon, Energy Analyst

SUBJECT: DE 10-212, Commercial and Industrial Solar Rebate Program
 Request for Clarification or Modification Regarding Category 2
 Maximum Eligible Project Capacity Size

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

CC: Karen Cramton, Director, Sustainable Energy Division
 David K. Wiesner, Staff Attorney

The Commission approved a Commercial and Industrial (C&I) solar energy 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). A developer representative has recently requested that the Commission clarify or modify the maximum eligible project size under Category 2 of the modified Program. For Category 2, the developer thought that the maximum project capacity size was unlimited, but that the maximum rebate amount could only be for up to 500 kW (AC). The developer representative asserted that the goal of the Program is to stimulate the renewable energy industry and, by capping the size of project eligible for a rebate rather than the rebate amount, this objective is not achieved. For the reasons stated below, Staff recommends that the Commission not clarify or modify this Program term as requested.

The Program term at issue is the project capacity size or system size limit. In the Modification Order, the Commission stated as follows on page 10 (emphasis added):

1. Project Capacity Size. We agree with those commenters who recommended that the *project capacity size limits* applicable to the program categories should be based on the AC rather than the DC rating of proposed projects....Category 1 shall be for projects with a maximum capacity size of 100 kW (AC) based on rated inverter capacity for solar electric projects or the thermal equivalent for solar thermal projects. *Category 2 shall be for solar electric projects with a capacity size greater than 100 kW (AC) but not greater than 500 kW (AC) based on rated inverter capacity.*

In addition, the Commission ordered that the Program “shall be expanded and modified as described in the body of this Order and as summarized in the tables attached to this

Order.” The relevant parts of these tables attached to the Modification Order are as follows:

Table 1	
Category 1: Smaller Solar Systems	
Terms and Conditions	Description
Maximum system size	100 kilowatts AC or thermal equivalent

Table 2	
Category 2: Larger Solar Systems	
Terms and Conditions	Description
System size	Maximum 500 kilowatts AC and greater than 100 kilowatts AC

As noted in these tables and in the discussion on project capacity size quoted above, the maximum project capacity (system) size was clearly stated for both categories. For Category 1, the maximum project capacity (system) size is 100 kW (AC) or thermal equivalent. For Category 2, the maximum project capacity (system) size is 500 kW AC.

Staff does not support the requested clarification or modification of the approved Program term for the following reasons:

1. The Modification Order clearly states that the maximum project capacity size for Program Category 2 eligibility is 500 kW (AC).
2. The Program included a maximum project capacity size so that larger solar projects would have the opportunity to submit a proposal for a grant through the Commission’s annual request for proposals (RFP). In accordance with RSA 362-F:10, XI, the Commission issues an RFP each year for nonresidential renewable energy projects that are not eligible for incentives under the rebate programs. Any project eligible for the Program therefore is not eligible for participation in the RFP process.
3. The incentive level for the Program likely would have been different if larger projects were allowed to participate, even if the rebate amount was capped, because of the economies of scale realized by larger projects.
4. If the Commission had wished to cap the Program with a dollar amount instead of or in addition to a project capacity size limit, then the Commission would have approved a specific project dollar cap¹. Note that the original Program prior to the Modification Order had both a maximum project capacity size *and* a

¹ Note that the modified and expanded C&I program (as well as the program prior to the Modification Order) also included a rebate cap of 25% of total project costs.

maximum project rebate dollar amount. Under the Program in effect prior to the Modification Order, the typical maximum project size was about 60-65 kW DC, even though projects up to and equal to 100 kW DC were allowed. This artificial project capacity “limit” was a result of the \$50,000 rebate dollar cap, since the incentive was equal to the lesser of the incentive rate of \$0.8/watt DC, 25% of total project costs, and \$50,000. For the modified and expanded Program, Staff did not recommend a project dollar rebate cap (except for the 25% of total costs limit), because Staff did not want to artificially cap eligible project capacity size at a level below the maximum project capacity size of less than or equal to 500 kW AC.

5. A major change to an approved Program term such as the developer representative has requested may not be possible without notice and hearing prior to any clarification or modification. Even if a hearing is not required, Staff believes that stakeholder input should be received prior to any such material change to the approved parameters of the Program.

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Subject: DE 10-212 C&I Solar Rebate Program Request for Clarification or Modification of
Category 2 Max Eligible Project Capacity Size - Staff Recommendation Memo

Attachments: DE 10-212 C&I Solar Rebate Program Request for Clarification or Modification of
Category 2 Max Eligible Project Capacity Size - Staff Recommendation Memo.PDF

Attached please find a staff recommendation memo for the above referenced docket that was filed with the Commission today, April 14, 2015.

Thanks!

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