STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

March 3, 2016 - 10:11 a.m.
Concord, New Hampshire

RE: **DE 10-212**
ELECTRIC UTILITIES:
Establishing a Commercial and Industrial Renewable Energy Rebate Program.
(Public comment on the Staff memo dated February 18, 2016)

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Robert R. Scott
Commissioner Kathryn M. Bailey

Adele Leighton, Clerk

APPEARANCES: (No appearances taken)

Court Reporter: Steven E. Patnaude, LCR No. 52

I N D E X

P R O C E E D I N G

CHAIRMAN HONIGBERG: We're here this morning in Docket DE 10-212, the Commercial and Industrial Solar Rebate Program. The Staff filed a memo on February 18th recommending a number of substantive and administrative changes to the program. We scheduled this public comment hearing for today. And, we have also stated that we'll take written comments until March 7th. So, we really, I want to emphasize, we really do want to hear your comments on this program, orally today, if you have them, and, if not, in writing following.

Before I start calling on people who are signed up to speak, I'm going to ask Mr. Wiesner, or any of the others who are at Staff's table, to set the scene for us a little bit. So, Mr. Wiesner.

MR. WIESNER: Thank you, Mr. Chairman. Good morning, Commissioners. I'm Dave Wiesner, a Staff attorney for the Commission. And, with me today at the Staff table are Karen Cramton, Liz Nixon, Steve Eckberg, and Barbara Bernstein, all of the Sustainable Energy Division.

Staff is proposing, as you noted, to redesign and further modify the C&I Solar Rebate Program, with two primary goals; one of which is to simplify and streamline the administrative process for application review and approval, and the primary motivation there is to eliminate any unnecessary delays, and then Staff is also proposing to modify some of the key program terms and conditions, based on experience over the last year. The last year has seen dramatic increases in solar development in the state. And, that led to a great demand for rebate funds. At the same time, a reduction in available funds led to the closing of Category 2, and some pressure put on Category 1 as well. So, we're trying to solve a number of problems here all at once with a comprehensive review, rethink, and reform of the Program. And, this would result in the reopening of Category 2. Category 1, which is for the smaller projects, as you know, would continue uninterrupted, but there would be some significant changes in the program terms.

I want to note at this point, and this is, in part, some early feedback that we've received from some of the stakeholders here today, I want to say what we have available for funds for these two different categories. Currently, and these are round numbers, but, currently, for the Category 1 smaller projects, approximately 1.4 million remains available. And, we have allocated for use, for Category 2 projects, just under

$3 million, essentially $2.965 million for Category 2. Category 2, again, would be reopened, after having been closed for a number of months. I think we would propose that there be a lottery system as occurred last April, to assign initial queue positions for those larger projects.

I want to speak a moment about the proposed changes in the administrative process. As I said, the main thrust of those changes is to streamline the initial review process, streamline and simplify the application process for applicants and installers, with the overall goal that projects could be approved earlier and built sooner than they would otherwise be. And, that is primarily achieved through flipping, if you will, the application process. The current application process is very heavy on documentation review and compliance analysis at the Step 1 phase, prior to installation of the system, generally speaking. With only a minimal application requirement at Step 2 before the rebate check is sent to the applicant.

What we're proposing is essentially to reverse that model, such that Step 1 would become something more like an incentive reservation process. An applicant would submit an application, which just has general information about the applicant and the project itself, demonstration that a few key threshold points have been covered. And, then, the applicant would be approved, and would have a period of time to complete the project, after which the Step 2 application would include the more significant substantial documentation, in order to demonstrate full compliance with all the program terms and conditions.

At both steps, the applicant and the installer would be expected to certify the full compliance. Essentially, in Step 1, they would be saying "we comply and will comply with all program terms and conditions", and, in Step 2, they would be recertifying to that, as well as provide the documentation that would demonstrate that.

At the Step 2 process, Staff would complete -- would perform a completeness review, to make sure that every Step 2 application was complete in the documentation that it had submitted. Whether or not each application will be subjected to a full verification review is uncertain, depends on the number of applications, and Staff has proposed that a third party consultant be engaged by the Commission to insist in that -- assist in that more in-depth verification review that might occur at Step 2. The consultant would also, in some number of circumstances, perform an on-site inspection of installed systems, something which is typically not done at this point, due to staffing constraints and expertise limitations.

I guess one effect of this new model for administration is that it puts more sort of compliance obligation and potential risk on the installer and the applicant. They are expected to come here, get their place in line, and a reservation of category funds, and then go build the project, and come back later and demonstrate that they had fully complied. If it's not possible, for one reason or another, to demonstrate full compliance in Step 2, with material terms of the program, then there may not be a rebate payable. And, Staff's view in that situation is that the installer is most likely the party that dropped the ball. And, so, one of our proposals is that the installation contract would provide that, in that, you know, unfortunate circumstance, the installer would be obligated to refund the amount of any expected rebate to the applicant, assuming that the applicant had paid that amount in advance. The other alternative would be, that amount would not be paid until the rebate is actually received from the Commission.

So, that raises the stakes somewhat from the installers. We also are proposing some enhanced sanctions that might apply, if there's significant violations of program terms or sub -- well substandard construction, let's say. And, that could take the form of temporary suspension or even complete debarment from the program, for an installer which has, you know, demonstrated a pattern of non-compliance, let's say, for example.

So, that's sort of a high-level overview of the administrative changes that we've proposed. I now want to speak very briefly about some of the specific program term modifications that Staff is proposing. Number one is probably the incentive level reductions, which Staff believes are warranted, based on lower costs in the industry, greater economies of scale, and a general interest in seeing limited resources spread more widely and more broadly. So, the incentive level reductions that have been proposed would decrease the Category 1 incentive to 55 cents per watt, or 25 percent of total costs, whichever is less. And, for Category 2, would decrease the level of incentive to 40 cents per watt, or 25 percent of total costs, with an ultimate cap in any situation of $150,000 for those larger projects.

The proposal also would no longer

provide any rebates for system expansions. Eligible projects would have to have a commercial meter on a non-residential structure. And, we see this, essentially, as a simplification, from the current requirement that you have to have a business, we find that there are many situations where it's not clear that there's an operational business. There may be a residential meter, there may be a house. It leads to a lot of extensive review and occasionally back-and-forth with the applicants. This is an attempt to simplify and streamline that requirement.

On the other hand, we do want to deter people from switching meters and accounts solely to get into the Rebate Program. And, so, there's a requirement that, if it's an existing service, you must have had a commercial meter for at least 12 months prior to the application, and you must continue commercial metering for at least 12 months following installation of the system. For a new service, estimates would be reviewed on a case-by-case basis.

Also proposing that the current aggregate limit on all grants, incentives, and rebates, which is at the 40 percent of total cost level, be reduced to 25 percent of total system costs. And, also proposing that any project receiving a USDA REAP grant would be wholly ineligible for a program rebate.

We're proposing to do away with the requirement for energy audits and benchmarking, which occasionally has caused holdups at the Step 2 process. We are proposing that any project to become eligible for a rebate here would have to become REC certified in New Hampshire, which means it would need to be REC-eligible, generally not a problem for a solar installation, would have to submit an application, and I believe the application would have to be approved.

We're proposing that projects would be completed by a deadline of nine months for the smaller Category 1 projects, and 12 months for the larger Category 2 projects, and that is an extension from the current timeframe of six months, but we believe that's warranted based on experience over the past year. Because a longer period of time is being approved for projects to complete installation, we're proposing that project development milestones must be met during that period, and those milestones would be based on the milestones in the new net metering queue management procedures, which the utilities are expected to implement. Although, I will note that the Commission has not yet approved those procedures, but that may occur shortly.

With respect to permits and approvals, we expect the applicant and installer to certify that they have all been received, but we're no longer requiring that copies of those permits and approvals be submitted either at Step 1 or at Step 2.

We also have a ten year restriction on movement of the system. This is scaling back from the current restriction on sales and transfers of systems. We have found that that restriction may not be justified, and we have often had requests for waiver or clarification, if you will, to cover certain circumstances, and those have generally been granted by the Commission. I think it's fair to say that our chief concern is that systems not be removed from the site for a period of time after their installation. And, so, that restriction would be scaled back, so that it's a ten year restriction on removal of the system from its installation site. I'll note that we believe that that change should be applied retroactively. So, even though systems that have been previously approved and been granted a rebate should no longer be subject to that restriction.

With respect to Category 2, there would be an applicant cap. And, we're proposing that there be no applicant cap for Category 1. I think the experience over the past year has shown that there's not a great need for that. However, the terms of the applicant cap would be broadened under the proposal. No more than four pending applications would be permitted from any affiliated group of business entities, and I'm paraphrasing what the words actually say. The language that we included in the proposal is essentially based on some language that is -- exists in pending legislation, with respect to the net metering queue. But, again, we saw some value in trying to align the analysis here with the analysis that the utilities would implement if that legislation were to pass.

I will say that we have found the applicant cap difficult to apply and enforce, and not necessarily effective as we may have intended. And, one of the things we're hoping to hear from stakeholders today, and through the written comments, is how that can be accomplished, how that applicant cap can be effectively administered and enforced, in particular, with respect to who should count towards the cap, how should they be counted, when should they be counted, and what level of documentation should be required from applicants, in order to demonstrate that there's no cap violation.

So, I want to conclude by saying that, and this is sort of emphasizing something which is addressed in the memo, that there are specific areas of this proposal where we really, really want to hear from stakeholders what their views are, how we can implement and enforce those provisions. And, we really seek their guidance, in terms of the detailed methodology that would apply. Again, with an overall goal of streamlining the administration, while preserving the overall program integrity.

Four areas were addressed in the memo, and I just want to mention those briefly in conclusion. Number one is the incentive levels, and the caps for the two categories. I'm sure we'll hear about that, but that is an area that we want a specific comment on. And, as I mentioned, the implementation and enforcement of the applicant cap for Category 2 projects, the specific milestones that we've proposed, and the piggybacking, if you will, on the net metering queue milestones. And, a significant issue, we've made a proposal, but we want to hear from stakeholders whether this makes sense or how it would be achieved. Staff's view is that, even systems which are in the net meeting queue wait list, because of the existing net metering caps at the utility level, should be subject to the same milestones and deadlines as all other projects. So, in effect, they should not be on hold here, they should have to meet development milestones identical to those that would apply for net metering queue purposes, even though they're on the wait list with the utility for net metering, not actively in the queue.

I actually skipped over a very important new addition to the program. And, I apologize for that. We are proposing that eligible applications would have to meet a 50 percent on-site load requirement. This would be based on 12 months of historical usage for the site, with respect to an existing customer service, and an estimate for any new service projects. There's a limited exception for group net metered projects, to recognize the situation generally pertaining with municipalities or institutional customers, such as schools or industrial off-campuses, office parks, where there may be affiliated group members with separate accounts. And, we want to recognize that those separate accounts of affiliated group members may be counted towards the 50 percent requirement. But, in the absence of that, 50 percent of the load to be served by the proposed project would have to be behind the meter where the system is being installed. And, that is also an area where we would like to have some specific input from stakeholders, as to the best way to implement that requirement and document compliance with it.

That's my introduction.

CHAIRMAN HONIGBERG: All right. Thank you, Mr. Wiesner.

MR. WIESNER: That covers the high points.

CHAIRMAN HONIGBERG: All right. Thank you. I want to do a couple of housekeeping things. You can go off the record.

[Brief off-the-record discussion ensued.]

CHAIRMAN HONIGBERG: We'll go back on the record. So, we've got the sign-in sheets, and we'll call people as they appear on the sheet. And, I'll try and give people a warning that they're either on-deck or in-the-hole to speak. We've got a number of people who put question marks or "possibly"s or "maybe"s. So, I'll call your name, if you want to speak, you'll let me know.

We'll start with Ted Vansant, and then we'll probably have the two people from SunRaise who are here go together, Mr. Doubleday and Mr. Lambert, and then Hank Ouimet.

So, we'll start with Ted Vansant.

MR. VANSANT: Hi.

CHAIRMAN HONIGBERG: And, the microphone has to be on.

MR. VANSANT: That's important, yes. Thank you. My name is Ted Vansant. And, I'm involved with commercial solar development in the state. I wanted to thank the Staff for doing a wonderful job at trying to streamline the process. And, also, I agree with the concept of reducing the rebate amount to spread out the small amount of money that we have.

But I think that the -- a couple comments. The small category, dropping it from 75 cents to 55 cents is too much. I think we -- that gets us into the realm of above a five-year payback for most projects. And, you know, business owner after business owner that I speak with, the five years is kind of their cutoff.

So, we go down to 55 cents, it gets you up into the six or seven or eight year payback, depending on the project, and that's going to make it hard to get these projects moving forward. So, I would recommend dropping it down to 70 cents, possibly 65.

The second item I wanted to discuss was the last item Mr. Wiesner mentioned, which is the 50 percent on-site category. It appears that the intent is to discourage greenfields projects. But it also appears to me that, if the host and the group have to be a single entity, it negates the ability to do third party PPA ownership.

Am I reading that correctly? Is that the intent?

CHAIRMAN HONIGBERG: Is Staff in a position to respond to that?

MR. WIESNER: I don't think that was the intent, to exclude third party ownership of systems. It's more focused on what the load is behind the meter. And, the general expectation is that it would be a single customer, however, you can count other meters if they are group members who are affiliated with each other. And, that's probably a clarification that should be made. But it was not the intent to exclude third party ownership.

MR. VANSANT: Okay. I guess my comment would be that, if the intent is to include municipalities and schools, *etcetera*, it's often going to be the case that you might have a separate piece of land that you're going to use to put the solar on, maybe put in a new service, and then credit that, those kilowatt-hours back to the school or the municipality.

So, I guess, just if that could be

addressed. If the intent is to not have those projects be eligible, then that, I think, is the way it's worded now.

That's my comments. Thank you.

CHAIRMAN HONIGBERG: Thank you, Mr. Vansant. Mr. Wiesner, you want to say something?

MR. WIESNER: I just wanted to say, it is also not our intent to exclude new projects. They would be able to estimate what the load would be behind the meter. And, it's not entirely clear what documentation will be required to do that. But a reasonable estimate in Step 1 would render those projects eligible and approvable.

CHAIRMAN HONIGBERG: So, where's that second sign-up sheet? It can be brought back up front. Or, Ms. Leighton will go get it. Thank you.

All right. So, next up, Mr. Doubleday and Mr. Lambert, followed by Hank Ouimet, and Bob Hayden, if he wishes to speak.

MR. LAMBERT: Great. Thank you. I'm Bobby Lambert, and this is my colleague, Matt Doubleday, from SunRaise Investments. SunRaise is a financier and developer of solar arrays in New Hampshire, with a primary focus on providing power purchase agreements for schools, municipalities, and affordable housing complexes.

I'm going to speak to, essentially, just two very specific points in regards to the new program and guidelines that Mr. Wiesner and his staff has set out. And, then, I'm going to pass it over to my colleagues, Matt, to discuss a little bit further on the incentive structures.

In our work with affordable housing developments, what we find is that the underlying credit risk of working with these organizations and providing them with power purchase agreements for solar energy savings becomes a difficulty. And, currently in the program, on Category 2, Table 2, Item 7, the maximum incentive amount is capped at 25 percent, and that's for any end-user. And, while that might make sense, in theory, for a municipality or a school organization, when working with affordable housing developments, and low to moderate income individuals specifically, they have a myriad of outside grants and state incentives and federal incentives that they can access in order to drive additional savings to them. Those programs are targeted to them by federal and state organizations specifically to aid them. And, I think that lifting that restriction, specifically for LMI individuals and organization, is a smart way to drive solar energy usage in that category of organizations and individuals that currently wouldn't be allowed. So, you know, from our perspective, lifting that requirement LMI community members would be a smart rationale to drive savings, not restricting them from programs that are aimed to primarily help them.

And, then, secondly, that the 500 kilowatt limit on Category 2, maybe looking at that as a limit on the incentive amount, but not necessarily on the system size amount. And, what I mean by that is that currently SunRaise would be able to build up to a megawatt system under the net metering guidelines, but only be able to receive a 500 kilowatt level incentive. From our perspective, it creates lower installation costs, and therefore greater savings for our customers, if we're able to build a larger system.

Now, we don't need the incentive associated with that system to ratchet up proportionally. We're not looking for twice the incentive from the PUC or from the state. But, to have a minimum level of incentive, and then be able to utilize our installation partners at larger scale to lower the cost, would be a benefit to our customers, and I think, ultimately, to the state.

Aside from that, just on a more general

note, I think that Mr. Wiesner and his staff have done a great job of identifying a lot of the Step 1, I guess, hurdles for developers in the state. And, the idea of having an allocation of a state incentive tied to the Net Metering Credit Program, and a way to have developers, such as ourselves, then track down and place all of the structured financing required for one of these is a really admirable change in the program, and I think something that's been proven nationwide to drive greater solar development in the state. I think it just needs a little bit, you know, a little bit more tweaking, but I think it's on the right track.

And, with that, I'll hand it over to Matt.

CHAIRMAN HONIGBERG: Before you hand over the microphone, I think Commissioner Bailey has a question for you.

MR. LAMBERT: Yes.

COMMISSIONER BAILEY: I think I understand what you're talking about in your "affordable housing development" point. But you're saying that there should be no -- no maximum amount, that they would get up to 55 cents per kilowatt-hour on the whole system, not just 25 percent of the cost?

MR. LAMBERT: Yes.

COMMISSIONER BAILEY: Or should there be another percentage limit?

MR. LAMBERT: Yes. I think that's a great question, and thank you. I would be okay with, you know, looking at, essentially, a higher limit. But mostly it's just in relationship to the total incentive. So, under this program currently, if we were to receive 25 percent of the system costs for a solar energy system that is benefiting LMI community members, and they were to also receive funding, let's say, from HUD or from tax credit programs from the state, that would be a limitation on them accepting those programs. And, that seems a little bit arbitrary to prevent LMI community members from getting outside investment from other government organizations to benefit.

COMMISSIONER BAILEY: How is it a limitation?

MR. LAMBERT: If we were limited to 25 percent of the system cost total, or else it would be taken away, and they were offered, let's say, a 10 percent grant or block grant or HUD funding, they would be ineligible to take that without having the rebate at risk. So, it would be in addition to the program.

CHAIRMAN HONIGBERG: Mr. Wiesner or Ms. Nixon, can you clarify this issue?

MR. WIESNER: I believe what's being addressed is what appears in, for example, in Table 1, as Item 7. And, this is the "Maximum incentive in combination with other incentives received".

CHAIRMAN HONIGBERG: Yes.

MR. WIESNER: So, this is where the application review process looks at what other incentives and grants are being received from other sources, not counting the tax credits, but any other grants that are received. And, the current limitation is 40 percent. And, that applies regardless of the nature of the applicant. And, the proposal here is to reduce that to 25 percent.

And, what I understand SunRaise is proposing is that, with respect to low income projects at least, there should either be no limitation or it should be the existing 40 percent limitation, rather than being reduced.

COMMISSIONER BAILEY: Is that right?

MR. LAMBERT: Yes. That's exactly right. He said it a lot better than I did.

(Laughter.)

COMMISSIONER BAILEY: All right. Thank you. At least you identified the issue, and I get it now. Thanks.

CHAIRMAN HONIGBERG: All right. Now, you can hand the microphone over to Mr. Doubleday.

MR. DOUBLEDAY: Great. Thank you. My comments are around the reduction of the Category 2 rebate amount, from 65 cents to 40 cents. And, I had a question for the Staff. If they considered rather a reduction of 25 percent -- 25 cents per watt, if they considered a step-down, for example, a step-down of five cents per watt for every megawatt of capacity added under the program?

CHAIRMAN HONIGBERG: Do you want to respond, Mr. Wiesner, or do you want to take that as a suggestion to consider as part of this process? Or, do you want to hand the microphone over to Ms. Nixon?

MS. NIXON: Hi. Liz Nixon. I just have a question. Do you mean every megawatt or every kilowatt, because you can only have up to one megawatt --

MR. DOUBLEDAY: Right.

MS. NIXON: -- under net metering?

MR. DOUBLEDAY: To clarify, I mean, if you were to reduce the incentive for five cents for every megawatt of capacity added under the program. So, --

MS. NIXON: Oh, I see what you're saying.

MR. DOUBLEDAY: Yes.

MS. NIXON: Okay.

CHAIRMAN HONIGBERG: That sounds like a "no", but it also sounds --

MS. NIXON: We've considered it, but that's not proposed at this point. But any comments would be appreciated.

MR. DOUBLEDAY: Okay.

MS. NIXON: Thanks.

CHAIRMAN HONIGBERG: Is that it?

MR. DOUBLEDAY: Yes.

CHAIRMAN HONIGBERG: All right. Well, thank you very much.

Hank Ouimet, followed possibly by Bob Hayden, and then possibly by Terry Donoghue.

MR. OUIMET: Good morning, Commissioners. My name is Hank Ouimet. I'm with Renewable Energy & Development Partners. We are a commercial developer here in the State of New Hampshire. We focus exclusively on larger commercial projects done under the public/private partnership model, where we provide development and financing and ownership in the public/counterparty ventures into a long-term agreement.

I guess I'd like to start off again acknowledging the good work of the Staff on this. I think this is a great step forward, significant improvement over the existing program. I just have a couple comments to make.

The first question I was going to ask has already been answered in the preamble, which was how much money is in play. Because, as a developer, if this program was going to result in rebates for three projects, most developers would have a lot less interest than if it was going to result in 30. So, I'm glad to hear that the funding levels were where they were, where they're proposed to be.

My first kind of granular comment is aimed at the incentive level for Category 2 projects. And, I'm only going to address Category 2, because that's where we live. The reduction -- well, I guess it's the -- the same general concept, (a) the reduction from 65 cents to 40 cents, and then (b) the concept that all Category 2 projects are created equal, I think is where the thrust of my comments are going here.

We focus on developing underutilized land, brownfields, landfills, that are typically publicly owned. Those projects, by definition, have to be group net metered. There's typically no load on a landfill site or an underutilized site. So, the output from these projects have to be exported virtually under the group net metering program. The avoided cost, for lack of a better word, under the group net metering program is simply the supply rate from the utility. So, group net metering projects are disadvantaged in the sense that the cost that the customer is avoiding is not the cost that it may be avoiding in a true behind-the-meter project, where there are potentially wire charges, distribution charges that are also in play.

So, I would suggest to Staff that maybe some consideration be given to some modest incentive for group net metering projects that are being developed on low utility land, which, I think, for larger projects, for most municipalities, if they want to embrace and sponsor this program, they're going to need to find a chunk of land, low utility land to develop a 500 kW project. Most municipalities aren't going to have very large rooftops with load.

So, I would -- Massachusetts, for instance, has provided some varying levels of incentive for development, different categories of land. And, I would recommend to the Staff that maybe to consider something similar, else I just honestly don't see, it's very difficult to pencil out a group net metering project at 40 cents a watt, when your avoided cost is the supply rate only.

I have a couple more granular comments, just on some administration, I might as well just throw them out, because I'm sure some others will talk about them. One is on the electric meter type and rate class. I would like just to kick around in this discussion to get a little more clarity on how we would establish under a proposed project that's at a site that does not have an existing meter. How would we -- how would we prove to Staff that that meter would be a commercial meter, and that the load would be applied to group members? In other words, how would we satisfy that new meter, commercial, and 50 percent of the load going off-site? It seems like it could be done relatively cleanly, administratively, just by a letter from the host documenting where things are going. But I wanted to get some clarity around that.

And, then, the only other comment I had was, with respect to the milestones to maintain your reservation of the rebate, I'm in agreement generally with making them consistent with the net metering milestones.

I'd just point out that that -- if the intent is to move relatively quickly on this new set of regulations, linking them to a set of regulations that haven't been embraced yet, there could be some chronological disconnect. So, thank you.

CHAIRMAN HONIGBERG: Thank you. They're helpful comments. Commissioner Scott has a question for you.

COMMISSIONER SCOTT: Thank you for coming today, too. Could you elaborate briefly of what you mean by "low utility" and why should that get preferential treatment? "Low utility land", I'm sorry.

MR. OUIMET: Well, I think the -- there's been -- there are some backlash in Massachusetts, just as for example, with projects that were being developed on agricultural land or forested land, in favor of projects that could otherwise be developed on spent land, low utility land, old gravel pits or brownfields.

And, so, I think, from a policy standpoint, it makes sense to favor the development of these large ground-mounted projects on land that doesn't have much utility for other development. I think, from an environmental standpoint, most people would embrace putting a large solar array on their land that's already been cleared, for instance, instead of cutting down a bunch of trees to put up a solar project. So, it's mostly an environmental consistency comment.

COMMISSIONER SCOTT: Thank you.

CHAIRMAN HONIGBERG: All right. Just as a head's up, that the first name on the second page is Mr. Ruderman. So, you're going to be up after these three "maybe"s tell us what they want to do.

Mr. Hayden, do you want to say anything?

MR. HAYDEN: Yes. A little bit on the net metering queue. But, first off, thanks to the team for all their hard work across all of the renewable energy areas.

The point of having the net meter queue wait list be a place where you enjoy the same milestones as when you have net metering capacity could deter -- deters quite a few projects. That could be rather difficult. Because the possibility or probability of new net metering capacity that we may enjoy for 12 months down the road is definitely in question. Net metering capacity we might have access to in the first quarter or second quarter of this year is probably in play, but will be consumed extremely quickly, and then we'll be in another political timeframe where we'll be looking for what the next net metering opportunity is, how significant it is, and what the rules are of it.

And, then, the second point, in regards to brown ground sort of projects, and how to determine where their load really is, the group net metering registration documents that are already in existence would be a great way to see where the load is. Those documents would be simple proof of whom the end-user is. That's all I got.

CHAIRMAN HONIGBERG: Thank you. Terry Donoghue?

MR. DONOGHUE: Yes. I represent Norwich Technologies.

[Court reporter interruption.]

MR. DONOGHUE: I'm sorry.

CHAIRMAN HONIGBERG: Off the record.

[Brief off-the-record discussion ensued.]

MR. DONOGHUE: So, a few quick comments. One is the -- we addressed this, I think, in prior hearings, about the level of the steps of the rebates, and the concept of a "prorated" rebate. Just for example that, you know, the most egregious step is, if you build a 100 kilowatt system, you get the 55 cents, and, if you build 101 kilowatts, you get 40 cents. So, you're -- there's quite a big hole in the opportunities for different projects. I didn't calculate it out. But, you know, there's, I can imagine, quite a few, you know, small schools or businesses where, you know, 120 kilowatt might be a nice system, but they're being penalized by being -- that being their need.

So, I would -- I suggest that we go back and look at a continuously prorated rebate, rather than a stepped rebate, and that that proration go all the way up to a megawatt project, which is allowed by net metering. And, it could be capped, say, at the 500 kilowatt limit, but allow it to be prorated throughout the whole C&I category. So, that's one comment.

The second, I guess to go along with the gentleman, who I've forgotten your name, sorry, earlier about the cap for low income, well, we're now hearing about brownfields being preferred. The REAP Program is primarily for agricultural farmers and the like, so that having that specifically restricted from being eligible for this rebate, I think probably we can think of others, you know, that where there are specially incentivized groups that are now going to be excluded from participation in the state rebate process. So, I just, I guess, suggest that we go back and look at brownfields and low income and farmers, and folks that are going to be specifically excluded from this program.

The decrease, the 50 percent site load requirement, I'm not sure the specific rationale, but there are any number of projects we're involved with where I might suggest that that be a 50 percent off-taker requirement, rather than a site requirement, because there's many, you know, potential projects that we're dealing with that people just don't have the land to put it on their site, but they would love to be able to host or be the off-taker for a project. A school, for example, doesn't want to put a solar array on their playground, but they would enjoy having it, you know, for example, a PPA agreement with someone at an off-site location to cover their load.

And, another, I guess this is -- I'm not sure whether it's a queue management or a cap management, but some sort of process to appeal that, if the milestones aren't being met, as a developer, we have some control over things, and we have a little control over a lot of things, and permits being one of them. And, so, when things are in good faith, making good progress, and they're not -- we're not able to meet a specific milestone, I'm not sure if there's a mechanism to appeal the delay of that milestone to maintain your space in the queue or the cap space, but there's a lot of uncertainty in -- particularly in permitting, that we don't control. And, that's it.

CHAIRMAN HONIGBERG: All right. Thank you. Kat Murphy, do you have anything to say? Yes?

MS. MURPHY: Yes. Thank you.

CHAIRMAN HONIGBERG: Make sure you're at a microphone that is on.

MS. MURPHY: Okay. I have a big voice, but I will use it. There's a bevy of microphones now. Okay.

CHAIRMAN HONIGBERG: It's like being at a press conference.

MS. MURPHY: It is. It is. I'm Kat Murphy. I represent Solar Endeavors. We are a very small solar installer in the state. We primarily work on Category 1 projects, although we do also have a few Category 2 projects that we have focused on more recently.

I have a couple of comments. Most of my comments will focus on Category 1, although I do know that some of them, for example, relate to group net metering, will apply to Category 2 as well.

[Court reporter interruption.]

MS. MURPHY: My first item, Category 1, Item Number 1, which is the rebate amount. I do agree with current speakers that reducing the rebate to 55 cents is too dramatic of a rebate for small businesses. It extends the timeframe of the project, as far as the return for the smaller businesses. It makes it simply not feasible for these business to have that dramatic a cut.

Also, for projects that are currently in proposal right now, if I understand correctly, based on reading comments from PUC Staff, projects would need to be submitted for a Step 1 application within a two-week timeframe of official enactment of any new terms, unless I've misread. And, that means that, for example, a project that's on the table today, if this goes into effect as of next week, as I understand it could, that means that those projects, unless they can submit for Step One application within a two week timeframe would not be grandfathered into the current program. So, it takes, as anyone knows, sometimes a significant amount of time to get a deal inked. And, if we have to go back to that project and say "well, you know, we know it was at this rebate amount, now it's likely going to be at this rebate amount", that could eliminate the project entirely.

So, a suggestion would be, as a previous speaker said, that we do do a reduction in the rebate, but at a much smaller amount, to 70 or 65 cents per kilowatt-hour, for Category 1 projects.

CHAIRMAN HONIGBERG: Thank you. All right. We're moving onto Page 2. Mr. Ruderman, followed by Dana Nute and Laura Richardson.

MR. RUDERMAN: Thank you, Mr. Chairman, and good morning, Commissioners. My name is Jack Ruderman. I'm with Revision Energy. We are a company that installs solar systems in New Hampshire, really across all sectors and system sizes, from residential to small, medium, and large commercial, to institutional nonprofit, pretty much everything across the board, up to 1 megawatt systems.

I also, especially having previously been on the other side of the table, when I was at the PUC and responsible for trying to manage rebate programs, want to really commend Staff. And, just say that I think the memo that they put together here is really comprehensive and very thorough and very thoughtful. And, if you haven't ever managed a rebate program, it can be a really hard thing to do. There are a lot of moving parts. And every time you get something in place and you think you've got it all figured out and it's going to work, the system -- circumstances change, or installers find a way to make circumstances change. And, then, all of a sudden, you know, you're running around trying to, you know, put your finger in the dike and deal with all the leaks. So, I appreciate how rigorous a process it has been to come up with a new proposal. And, by and large, I support most of what is proposed. I do have a few specific comments and a few things that I would argue should be modified.

Also, I want to say that the idea of sort of streamlining Step 1, in order to avoid the bottleneck that's been occurring there, and then really pushing off some of the verification in Step 2, I think is a really smart decision. And, I think that will, you know, really serve to make the program more user-friendly and to move things along more quickly.

Having said all of that, I also would emphasize to the Commission that time is of the essence here. This program has been closed since last August. And, it's really making it difficult for developers to get these Category 2 projects done. And, there are some that have been on hold, in our case, I've got a project that's been on hold since last August waiting for the program to reopen.

So, the first comment that I have pertains to the last paragraph on Page 3, which says, essentially, that once the Commission approves whatever changes may be made as to the Rebate Program, then Staff anticipates that the modified program could commence within four to eight weeks following the issuance of the order approving the program redesign.

I would urge you to try to shorten that timeframe. To, you know, start making the modifications to the rebate applications now, knowing that probably two-thirds or three-quarters of what Staff is recommending are likely to be changes that are likely to be approved. But, in any event, I mean, however the Commission or Staff want to approach the task, if we don't get an order from the Commission for another month, which to me seems, you know, entirely possible, to have another eight weeks after that means the program is closed for another three months. And, we're really at the point where we need to break the logjam and get the program reopened.

CHAIRMAN HONIGBERG: Okay. I got that. "Move quickly" note. Got that.

MR. RUDERMAN: Okay. Regarding, I'm on Category 1 now, regarding Item Number 4, the incentive level, I would join others in saying some reduction of the rebate amount is certainly appropriate. But we would like to see it go probably no lower than 65 cents from the current level of 75 cents. And, we're in the same boat as other developers. It's just very hard to make projects "pencil out", as we say in the industry, once that incentive gets down as low as 55 cents.

Regarding Category 2, again, the incentive level, Item Number 4, at 65 cents a kilowatt currently, again, we support a reduction in the rebate. We understand that we've got a scarcity of funds and we're trying to make them last as long as we can. But, practically speaking, we'd like to see that rebate go down no lower than to 55 cents.

And, then, the final issue that I wanted to comment on is probably one of the most vexing ones, and that is Number 12, under Category 2, the "Applicant/Installer/Developer Team cap". I know this is an issue that Staff has really been wrestling with. And, there's a good reason for that. If you look at the list of all the applications that have been submitted for Category 2 grants, 16 of them are largely from what I, and I think most reasonable interpreters, would see coming from the same team, the same entity. Literally, if you just look at what is the e-mail address given for each of the applicants of these 24 that are here, 16 of them have the same e-mail address. It's the same company. It's the same investment firm. It's the same person developing these projects, many of which are never going to come to fruition, some of which already have been withdrawn. So, I think it's very important to ensure fair access to these funds by all firms, not just one firm, that sort of blankets the Commission with a lot of applications.

I know Staff is very concerned with "Well, how do we define the terms? How do you define "installer"? How do you define "developer"? All of that. What I would propose is that Staff be given the discretion and the authority just to make common sense decisions. You know, if it walks like a duck and it talks like a duck and acts like a duck, whatever it is, it is. And, it doesn't require a penetrating legal analysis, it doesn't require an evidentiary hearing. These programs are run successfully in many other states who deal with the same issue. And, I would point to Massachusetts, to the SREC-1 Program, where they have very simple terms. They don't have complicated definitions of all of the different players or types of players. They simply say, you know, "you can't have one entity doing too many applications at once." And, Staff has the authority, when they see applications coming in from the same entity, to enforce the cap that's placed there.

So, I know that that may not be the type of answer that Staff are looking for. I think they're looking for much more sort of formalistic, legal guidelines. But I think it's important to remember that the Rebate Program is sort of an unusual animal for the PUC. The PUC is a huge regulatory agency, that's what the PUC does, and then there is this Rebate Program, which is -- doesn't fit neatly in the other categories, and I think it has to be managed accordingly, and not to be considered at the equivalent level of, let's say, a rate case.

So, those are my comments. And, again, thanks to the Staff for all their hard work. Appreciate it.

CHAIRMAN HONIGBERG: Commissioner Scott.

COMMISSIONER SCOTT: Thank you, Mr. Ruderman. Back to the incentive level. So, what should we or Staff use as an appropriate payback period? Obviously, it's a moving target as costs change.

MR. RUDERMAN: I think what Mr. Vansant suggested is reasonable. I think five years is about the outer limit before most businesses -- I mean, most businesses want to see two years or two and a half years, you don't get most businesses. But those that you can persuade, if you get to five years, you know, that's pretty much usually the outer limit of what's going to be acceptable.

COMMISSIONER SCOTT: Thank you.

CHAIRMAN HONIGBERG: Dana Nute, followed by Laura Richardson maybe, and Joe Harrison.

MR. NUTE: Good morning, Commissioners. My name is Dana Nute. I'm with the Resilient Buildings Group. We're a for-profit entity, majority owned by the Jordan Institute. And, our mission is with the commercial buildings to reduce energy and promote renewables.

A couple of these items I'm going to talk about have been hit on already. I just want to support them. One of them is regarding the REAP grant. Many of the clients I deal with are low-income housing nonprofits, and the USDA rules is, you know, a REAP grant is maximum of 25 percent anyway. But I have clients that only have 10 percent. By just having 10 percent, that throws them right out of this program. So, I would like someone to look at that again.

Another issue is, I see why you're removing a requirement for an energy audit or an assessment. However, I can see how it would, you know, speed up the movement here, but I just would hate to see solar going up on a building that's electrically heated and has no insulation. I mean, just something has to be vetted at some point.

So, that's a little bit exaggerated, but it could happen. And, that's it.

CHAIRMAN HONIGBERG: Thank you. Ms. Richardson, is the Jordan Institute satisfied with that level of commentary or do you want to continue?

MS. RICHARDSON: Thank you, Commissioners. I'm delighted with a lot of the commentary we've heard this morning, and would like to add a couple of comments.

First, to thank the Commission and the Staff so much for the attention to really high quality rebate programs over the course of many years, and continuing to let the market evolve and let the programs evolve in parallel. So, you know, kudos to everyone.

The Jordan Institute is a nonprofit organization, Resilient Buildings Group is one of our subsidiaries. We are now in the process of rolling out what's called a "C-PACE Program" that is going to be going live very soon. Our website went live last week. And, that program requires commercial buildings, when they install, whether it's renewables or energy efficiency projects, for the savings-to-investment ratio to be greater than one. And, a couple of years ago, that would have been a real piece of cake, because energy costs were so high.

Under the current situation, where energy costs are dipping lower and lower, hopefully bottoming out relatively soon, it's really hard to get a savings-to-investment ratio, especially on solar projects. And, the best way to do that is to stack other incentives. And, they may come from the Public Utilities Rebate Commission, it may come from other grants and rebates. And, so, I think it's important to recognize that the lower the incentives drop, the harder it will be to finance these projects. Projects that probably would not be going forward without this type of public support.

So, the incentive levels where they are, we're comfortable with having them drop a little bit, but we want to make sure that they don't drop too much. Savings-to-investment is really important.

Furthermore, all of the projects that will be financed through this program will require energy audits. And, so, just tagging on to Dana's comment, a solar project that goes forward without a full assessment of the building beforehand, this may not be a popular comment in this room either, but a lot of times there are other measures that really need to be addressed before the PV goes up. And, I think it's important for consumers to know what their projects really could be, and not just go for the solar.

And, so, in a lot of cases, we've seen recently that energy audits are being addressed -- are being implemented after the project, the solar has already been put on the building. And, then, the consumer is looking at the audit and saying "Oh, my, I could have addressed these other things as well."

CHAIRMAN HONIGBERG: Ms. Richardson, just one second. Off the record.

[Court reporter's phone incessantly vibrating.]

[Brief off-the-record discussion ensued.]

CHAIRMAN HONIGBERG: Ms. Richardson, I'm sorry. That was a little distracting.

MS. RICHARDSON: That's fine. So, I think the point that I wanted to make was that we will be requiring energy audits for projects that include solar only in this program, they can be wrapped into the -- the costs of that can be wrapped into the financing. But it's really important for the building owners to understand what is going on in their buildings before they make a major investment. And, so, we would really request that the Commission consider keeping that requirement in this language, and --

[Interruption - phone vibrating.]

MS. RICHARDSON: -- but not at the end of the process. Because, at that point, it's really too late to provide informed information.

Additionally, I do agree with earlier commenters regarding letting the rebates apply to projects that go up to 1 megawatt. Again, there is an interest in tying these policies together with the rebates and the net metering. Again, the rebate itself does not need to apply to the projects from 500 kW up to a megawatt. But I do think it would be advantageous to New Hampshire to start seeing more of these larger projects and not having developers really try to find the sweet spot and just hit that regardless of the needs of the building or the appropriate facility.

One thing regarding scheduling. You might want to -- I know funds are limited. I know we want to keep projects moving quickly. But there might be some kind of carve-out schedulewise for municipal projects. Because New Hampshire has so many towns that are governed through the town meeting process, that happens once a year. And, if you don't have everything lined up schedulewise in the development of the project that aligns with a town meeting, you may wind up with projects that get bumped out, simply because March has not yet arrived.

And, then, finally, again, to thank everyone. We will be following up with some written comments. Thank you for this opportunity.

CHAIRMAN HONIGBERG: All right. Commissioner Bailey has a question. But off the record.

[Brief off-the-record discussion ensued.]

CHAIRMAN HONIGBERG: All right. Commissioner Bailey, a question.

COMMISSIONER BAILEY: Thank you. Is your suggestion that the program require energy audits before any project is built? Is that what you're recommending?

MS. RICHARDSON: Technically, that was the requirement prior --

COMMISSIONER BAILEY: Uh-huh.

MS. RICHARDSON: -- to these comments being released. And, so, yes. We would like to see that continue on. We would like to see that enforced. That would be in parallel to the requirements of our program, as well as other programs. So, it's -- it has not been enforced in some situations. It's created some consternation for some developers. But, I think, ultimately, it's much better for the customer, the applicant, the end-user, to know what's really going on in their building.

COMMISSIONER BAILEY: And, is there an easy way to verify that that's been done?

MS. RICHARDSON: Well, I think asking for certification of that or asking for a copy of the audit, I think that's perfectly reasonable. Certainly, in the program that we'll be administering, as well as other programs that are being administered, we require the audit. We want to see that. PUC Staff might not have the resources to actually review it and comment on it, I don't think that's the point. The point is that the consumer really should know what's happening in their building, before ratepayer funds are, you know, applied to their projects.

COMMISSIONER BAILEY: So, just, in the

Step 1 process, require a copy of the audit report?

MS. RICHARDSON: That's correct.

COMMISSIONER BAILEY: Okay.

MS. RICHARDSON: Or, require that an audit has been completed.

COMMISSIONER BAILEY: Okay. I think --

MS. RICHARDSON: I'm not going to be popular in this room with these comments. But it is what we feel pretty strongly about. And, you know, Jordan Institute really wants to see solar take off in this state, there's no question about that. But we want to make sure that they're good projects. And, we do have concerns about what has happened in some projects over the last couple of years.

COMMISSIONER BAILEY: Okay. Thank you.

CHAIRMAN HONIGBERG: All right. Four more names: Joe Harrison, Kate Epsen, Chris Anderson, and Will Kessler. So, Mr. Harrison.

MR. HARRISON: Thanks. Joe Harrison, from the Community Development Finance Authority. We have a clean energy fund, which finances energy efficiency and renewable energy projects. Finance several solar projects in New Hampshire. And, then, we also run the state Block Grant Program, and also a Tax Credit Program for nonprofits. So, that's the context of why I'm here.

We've used -- we've had projects coming in for both block grant projects, which are federal Housing & Urban Development funds for low-income projects, and we've had tax credit -- state tax credit projects, which are for nonprofits only, which have included solar in a bigger project, which might be an energy remodel.

And, so, I wanted to add a little bit on Point Number 7, under Category 1, the "maximum incentive". So, nonprofits, I think this language, if I'm reading it correctly, would have a pretty detrimental impact on the ability for nonprofits to go solar. So, not just low income, although I support SunRaise's comments on the low income, but just an average nonprofit is not eligible for a 30 percent investment tax credit.

So, I think we all agree we need to get the payback at around five years. But that five-year payback that people are talking about includes a 30 percent ITC. We are also including accelerated depreciation benefits, which is another call it 10 percent benefit overall.

So, nonprofits do not have the ability, they can go solar through a power purchase agreement in some instances. But a lot of nonprofits don't have the creditworthiness to attract the interest of a PPA developer.

So, I just think that perhaps nonprofits should be left out completely and there should be an exception. For example, we have a homeless shelter in Plymouth, that's going to receive a -- that has received a tax credit award for a big energy makeover, which includes solar next to the homeless shelter, which will eliminate their electric costs, and allow them to put more money into their mission. And, I just think that's good economic development.

And, again, I just don't think 25 percent is enough for a nonprofit to go solar. They have limits to their ability to take on debt to pay for the remaining, and, again, the big thing is they're not eligible for the federal tax credits.

Under the electric load requirement, I'm not exactly sure what the intent is, but I agree with some of the other comments that solar projects already have to thread the needle to find a good site. You know, and you might end up getting projects that where they have a perfectly good site where they don't have a lot of load. I'm thinking about a town. A lot of projects, they want to put solar at the transfer station. They might not have a lot of load there, but the town hall is a historical building, it's not appropriate for solar. Some of the other buildings don't have good access to the Sun.

So, I would support reducing the 50 percent requirement to maybe 25 percent, or eliminating it. Again, I'm not sure what type of projects it's trying to exclude.

And, my final comment is just to reiterate what people have said about not having, under Category 2, not having a maximum system size, I think it makes perfect sense to cap the total rebate available. But, if our goal here is to bring down the cost of solar in New Hampshire, then we need to look for opportunities to benefit from economies of scale, which have a meaningful impact. And, that's my final comment. Thanks.

CHAIRMAN HONIGBERG: Thank you. Ms. Epsen.

MS. EPSEN: I think I'm going to pass and submit written comments. Thank you.

CHAIRMAN HONIGBERG: Mr. Anderson.

MR. ANDERSON: Hi. Chris Anderson, with Borrego Solar. Thank you to Staff for putting together this very detailed set of guidelines for the new Rebate Program. I have several comments, some echoing what has been said already, and a couple new comments. And, I'm also going to be following up in writing with some very detailed points on some of the Category 2. We're a large commercial developer. We focus specifically on projects greater than 100 kilowatts.

So, again, echoing the desire to remove the cap associated with the incentive, as net metering may go away in a year, if the other docket, 15-271, passes, and there's a value of solar study, there may be no net metering cap. Therefore, system size caps may actually also be removed. And, so, the current 1 megawatt cap may go away.

And, so, to tie this to 500 kilowatt, 1 megawatt, it seems that removing that system size cap altogether, and maybe referencing language of whatever the current net metering cap is, but then allowing that to float, if the value of solar study removes that cap, it would a good idea, that we wouldn't have to revisit this in some time.

And, then, coupled with that, if the continuously prorated declining percentage, as one of the other gentlemen mentioned, you know, coming up with formulaic way that declines the incentive as the system size goes up, you know, essentially having it fall off to some minimum number, I have some -- I have some formulas sort of that I work out, based on what we feel makes the projects pencil, and the system size goes up, obviously, there's economies of scale. And, so, I'm suggesting some sort of formula be used. And, you know, we plan to provide a suggestion for that formula in writing.

So, that's really addressing Point Number 1. Point number -- in Table 2, in terms of -- I also wanted to echo Hank's comments that, if the PUC wants to incentivize, I guess, just setting the incentive levels everywhere for the same -- for all project types is going to result in development happening in areas where solar installation is the highest, where the cost of power is high, and where the cost to build is low.

And, if the PUC wants to incentivize certain geographic areas, maybe certain project types that may be more expensive to build, like landfills and brownfields, and that create a dual use for available land, you know, rooftops or parking lots over greenfield ground mounts, and are in grid-constrained areas, then varying the incentive to balance development and growth in the state should be considered. So, having a different incentive rate for those projects, rather than something that's in greenfields, as, you know, once that formula is established.

So, in the area of, I guess just moving down the list, if the goal is, just with -- again, I'm still a little confused as to the greenfield -- in the greenfield example, the minimum 50 percent load, I think various people have been saying something, questions about that, I'm still very confused on what the Staff, you know, was attempting to do there. I think some clarity around that. I think that, if the goal is -- if the goal is to maintain two pools of money, which it seems like is what the guidance is here, the Staff opened saying there's "1.7 roughly in Category 1" and "3." -- whatever it was, "3 million in Category 2", if the goal is to reserve those two pools of money, and the various pools of money are funded from the -- if the commercial pool is funded from commercial accounts, then the goal would be to have those funds fund commercial projects. You know, just some clarity needs to be provided to these greenfield projects, where someone might build a greenfield project, and then have all the off-takers be residential customers. Does that possibility exists within these rules? I'm unclear.

There are some cases where you may get -- maybe what we need to do is set a minimum percentage that at least one off-taker for the commercial project has to be, or some of the off-takers need to add up to 80 percent. You might not be able to find -- you might not be able to find commercial customers that can get you to 100 percent of the off-take of the project, and you might need to fill in that last 10, 20 percent with residential customers, is that okay? Is to marry retail residential customers with commercial projects coming out of the commercial incentive bucket, is that even allowed under this program? I'm a little unclear as to that. And, is Staff interested in doing that?

The -- bear with me one second to read down my notes here. In terms of setting the -- I guess Point Number -- that Jack brought up, Point Number, was it -- I think it varies in Category 2 to Category 1, but I guess it's 0.12 in Table 2, for Category 2, about the maximum applications per team. I would argue that, you know, with other changes that are being made, if the goal is to limit the number of dollars that are being given to any one team, that the limit be done in dollars. Thirty percent of the annual fiscal year funds for the commercial rebate, for example, be limited to a certain set of teams. Not number of applications, not -- because you might be asking for different amounts of money with varying applications. So, instead of limiting it to the number of applications, limiting it to a certain percentage of the total fiscal year dollars. It seems to make more sense.

There was also some comment, I didn't see it in here, maybe I missed it, but I believe Mr. Wiesner mentioned some mechanism associating the RECs associated with these projects, maybe being -- maybe he can clarify it, if there was a suggestion that projects that receive rebates had to be sold in the New Hampshire REC market, if that what Staff was stating was a requirement, if that is the case, if the rebate amounts to a certain percentage of the project cost, i.e. 25 percent, which is currently shown as the limit, if the rebate amounts to 25 percent of the project cost, then it would seem that 25 percent of the RECs been sold in New Hampshire would be a fair request, not 100 percent of those RECs being sold in the state. I'm not sure if that's what Staff was intending to do.

CHAIRMAN HONIGBERG: Does Staff want to respond to that?

MR. WIESNER: Yes. I just want to make it clear that the requirement is that the installed systems with -- using the rebate incentive would be required to become certified here. There's no restriction on where the RECs can be sold within New England or elsewhere.

MR. ANDERSON: Great. Thank you for that clarification. The Point Number -- Point Number 35, in Table 2, talks about the "rebate payment" being "paid to the applicant". Again, we do third party developed deals. We may be the applicant. But, by the time the system goes on line, by the time the rebate is paid, we may no longer be the owner of the system. And, so, some language being added to that suggesting that the payment is transferable to whoever the system owner becomes, I think would be wise and in line with how commercial projects are being developed.

And, I think that there is a -- there's been discussion around aligning, again, these milestones to the -- to the commercial -- to the net metering milestones. But there's also a current limit, I think, there's also both 38 and 39 may conflict, in that "12 months" is listed in 38, but, in 39, milestones are more aligned with the net metering queue. And, I think that there's, at the front end of that process, because the ISA and the impact studies for the utility trigger the start of their 12-month calendar, if Step 1 was done in advance of that, and then three months go by until the utility actually starts their clock, we could be looking at a 15-month clock here instead of a 12-month clock. And, so, getting those two aligned better I think would be wise.

And, I'll submit the balance of my comments in writing.

CHAIRMAN HONIGBERG: Commissioner Scott.

COMMISSIONER SCOTT: Thank you for your comments. I was particularly interested in your -- and I'll look forward to seeing your written comments, regarding the declining incentive, and, in that context, prior to your talking, we've had a couple commenters talk about the cap of 500 kilowatts, we should pay to that level, but allow 1 megawatt systems. Would it then follow, based on your comments and economies of scale, that, if we were to apply that, it ought to be at a different level, because, presumably, a 1 megawatt system would have a little bit better payback than a 500 kilowatt system. Is that a correct statement?

MR. ANDERSON: Yes. That's correct. Yes. So that, yes, the percentage, and, you know, again, I don't have -- my spreadsheet's not finalized at the moment. But, you know, it ranges, you know, I have a range just within the 100 kilowatt to megawatt of, you know, 50 cents down to 25 cents, you know, or 30 cents.

So, as the system gets larger, the cost per watt, if -- there's a whole other question, you know, there was a discussion back in October about a perform-based incentive, but that's a whole other concept.

Staff went forward with a capacity-based incentive here, and so not to muddy the waters going down that road. But, given it's a capacity-based incentive, you know, having some declining block based on the AC system side, as Staff has documented, and having that amount decline as the system size get larger, I think -- I think makes sense, and is common in other states.

COMMISSIONER SCOTT: Thank you.

CHAIRMAN HONIGBERG: Mr. Kessler.

MR. KESSLER: Good morning. I'm Will Kessler, and I'm representing REDA, which is an independent solar installer. I carry a --

[Court reporter interruption.]

MR. KESSLER: -- NABCEP, is the acronym, it's a technical certification for solar photovoltaic design. REDA's development focuses primarily on delivering cost-effective system design, development, and installation to nonprofits and small businesses. And, I appreciate the Commission giving us a chance to comment today. There's a lot in here. So, I'd like to divide my comments into big picture and then specific.

And, as regards to the big picture of this sort of capacity-based incentive, which has just come up, Mr. Anderson noted. And, if you think of the type of incentives that are out there, there's performance-based, PBI, incentive, like in SREC in Massachusetts, or like a Class II REC in the New Hampshire market. And, then, there is sort of these cash incentives, which are huge carrots, right? You think of a $25,000 grant that comes out. And, can lead to, I think, a complicated administrative process, with lots of hoops and lots of criteria to meet, which, you know, given the size of the check, it kind of makes sense. But being, I think, in the industry, where we are building systems that are designed to generate and perform and provide returns over 25 plus years, I see performance-based incentives as being a better long-term strategy. I think they're much easier to build a gate for an installer, an applicant to do that.

I've heard Paul Button speak very compellingly about "why don't we just take a hard look again at the alternative compliance payments and the RPS quotas?" Which I think, right now, Class II solar is still at -- is it 0.3? And, it's been at 0.3 for a long time.

Neighboring states are really aggressively pursuing what are called "performance-based incentives". One of the advantages of a performance-based incentive is that we could decouple the process from any net metering kind of mischievousness that's going on, and, really, you're looking at a solar kilowatt-hour as being valued appropriately to that customer. And, it's easy to explain, and it's easy to project on the financial spreadsheet. And, it gets people in the industry out there talking about it, without sort of a boom-and-bust cycle and peaks and valleys. So, that's kind of my "big picture" comment, as far as cash versus long-term incentivization of solar.

I'll just kind of go down a couple of the points in Category 1, for smaller systems, which are -- some of them seem to make sense. I would echo the comments earlier that incentive level closer to 60 to 70 cents would be better. A lot of these terms just, you know, "program eligibility", "non-residential sites", from my experience, you have a lot of commercial businesses that are a residence attached to the business. So, how do you establish what's called a "non-residential site"? I think that's a little bit vague. "Applicant eligibility", "home-based businesses are not eligible." Again, if the, you know, mom-and-pop B&B, where do you draw that line? That seems difficult to administer, potentially problematic.

"Electric meter type and rate class", at the end of -- this is Section 9. "A copy of the most current electric bill and the electric bill from 12 months prior", would a 12-month billing history obtained from the utility be okay? I think that would be enough to prove that a meter has been a commercial meter for the last 12 months, because utilities base that on the account number. That might be easier than having somebody rummage around for a bill that's 12 months old. They may or may not still have it on file.

Ten (10) through 17 generally look okay, no problems there. Twenty-three (23), I mean, asking for the lease agreement kind of is one of the, you know, requirements that I wonder why. Have there been projects where somebody has gone and built a bunch of solar panels on somebody's land without asking? Or, I mean, it seems improbable.

If -- and, I think the language in 23, it says "If the owner of the site is not the applicant, then the site owner must demonstrate authorization through a lease agreement". I think what that should be reading, if I'm -- I'm understanding the intent is "if the applicant is not the owner, then the applicant must demonstrate", as opposed to having the owner chiming in.

Do-do-do. Skipping to 39, 40, and maybe I'm just piggybacking on to two of the other comments I heard today. As far as an audit requirement, I'm in favor of auditing along side solar feasibility. I think it's a smart thing to do. I think, when you have a customer who's talking solar PV, they're also thinking efficiency, it's just kind of natural.

But I understand there's a dedicated pot of funds through NHSaves for audits at a number of levels. So, I'll point that out. And, I think, if the Commission were to accept Ms. Richardson's suggestion that the audit be required in the Step 1 reservation, that we also move the requirement for assigned installer/customer contracts to Step 1 as well. What tends to happen in feasibility projects is that, if there's, say, a $2,000 commercial energy audit, that's Step 1 before anything else happens, is that the dialogue, to use an electrical term, will shunt off to the efficiency side. And, the installer is left to go pound the pavement. So, you know, having both of those happen, and including an efficiency specialist in the dialogue, along side the PV person, would be a smart way to, I think, accomplish both of those goals.

And, I think that's it for me.

CHAIRMAN HONIGBERG: All right. Thank you very much. That is the last -- Mr. Kessler was the last name signed up to speak.

Is there anyone else who's here who hasn't yet spoken who would like to say anything?

[No verbal response]

CHAIRMAN HONIGBERG: Is there anyone who would like to add something to their comments that they forgot? Yes. Ms. Murphy.

MS. MURPHY: Thank you so much. I think I paused too long after my first comment, so I apologize.

I did want to address Category 1, Item 6, which is the maximum incentive amount. Currently, it is at up to 40 percent, which, when a customer is applying for a grant, can typically equate to 25 percent being a USDA REAP grant and 15 percent being a rebate. This suggestion that that be eliminated, so that, if a customer does receive a USDA REAP grant, they would no longer be eligible for a rebate, would absolutely hinder small business deals. These are under 100-kilowatt projects. We testified recently in front of the State House on HB 1374, which would have eliminated C&I funds altogether for all renewable energy projects. As part of our testimony, we had small business owners, who recently installed solar projects, who unequivocally indicated that, were rebates not part of that project, they would not have been able to go forward. This included projects that had both the USDA REAP grant and rebate funds included as part of their project. Forty (40) percent may seem like a large number, and it may or may not be less of a factor for Category 2 projects. But, for Category 1, having that potential of up to 40 percent of a solar energy project covered, not only makes the time of payback more reasonable, but makes the ability for the project to even occur in the first place possible for those smaller projects.

And, lastly, to sort of piggyback off others' comments regarding the load, 50 percent load ratio and group net metering, again, for small projects, customers who are, in fact, looking to do solar entrenurial -- excuse me -- entrepreneurial projects, where perhaps they are installing a small solar garden, solely for the purposes of being a small solar garden. As I understand it, this 50 percent load requirement would eliminate them from being able to receive a rebate. We have had some small customers who have implemented a solar garden that does serve 50 percent or more on the building or property on which it is installed. And, we have had some who either have or are intending for that not to be the case.

If I understand the proposal with the 50 percent load now, someone who was interested in a small or large solar garden, for example, would be eliminated from the program, if they could not consume at least 50 percent of the load themselves as the host.

Thank you.

CHAIRMAN HONIGBERG: All right. I apologize if I cut you off on round one.

MS. MURPHY: No, no.

CHAIRMAN HONIGBERG: I did not intend to.

MS. MURPHY: I know.

CHAIRMAN HONIGBERG: Is there anyone else who would like to add anything? Yes.

MR. OUIMET: Yes, sir.

CHAIRMAN HONIGBERG: Mr. Ouimet.

MR. OUIMET: Hank Ouimet again, from REDP. I'm just wondering if the Staff wants to just get to the bottom of this group net metering and load requirement. I --

CHAIRMAN HONIGBERG: Just, before you

go, and I was actually going to offer Staff the opportunity to offer clarification, if it felt it was able to do so right now. And, I don't want to put anybody on the spot unnecessarily. So, just give us one second, Mr. Ouimet.

MR. OUIMET: Sure.

CHAIRMAN HONIGBERG: Mr. Wiesner.

MR. WIESNER: I'm sorry. I guess I would just say it is a new requirement. I think the primary motivation was to -- was to focus on systems where there was real load behind the meter, and there was a well-defined and affiliated group of participants that would benefit from a project installation.

However, I think we acknowledge that parties here today have raised some valid points. And, we look forward to seeing how those comments are presented in writing, and we will take them very seriously in considering that aspect of the proposed program redesign.

CHAIRMAN HONIGBERG: Mr. Ouimet, is that sufficient for what you were looking for right now?

MR. OUIMET: Sure.

CHAIRMAN HONIGBERG: All right. Is there anything else Staff wanted to respond to that it's heard? You're not obligated to. But, since everybody is here, it might be an opportunity to shortcut some of the written comments.

MR. WIESNER: I guess I would just say that we've heard a number of people say that the -- that there should not be artificial limitations on the ability to, if I can use the term, leverage other available grant and incentive funds that may be available, in particular, for nonprofit projects, for low-income projects. And, I would just point out that we currently have a limitation of 40 percent all in incentives and grants. And, I don't think I've heard anyone say that that is too low a limit. But we have heard people say that 25 percent is too low. As well as the categorical exclusion of REAP grant recipients from eligibility has also been challenged.

So, I guess, if there's someone who wants to argue that it should be higher than 40 percent, I would invite them to do that, either here or through their written comments.

CHAIRMAN HONIGBERG: I don't think we're going to invite people to make that argument orally. I think it would be -- it would be appropriate, though, for people to lay arguments like that out in their written comments. I mean, I think we understand the argument being made. I understand exactly where you're coming from on the -- on availability of certain other incentives, particularly for nonprofits. So, there's a very sensible way for you to make that argument.

I'll remind you that we would like your written comments by March 7th. I mean, I think it's always possible to submit late comments, but you do run the risk of not being heard if you wait.

If you have other questions that you feel you want clarification from Staff off-line, you know how to get in touch with them.

Is there anyone else who'd like to add anything before we close the record today? I'm sorry, let me put it a different way. Before we close this hearing, because we're not closing the record, the record will remain open?

[Indication given.]

CHAIRMAN HONIGBERG: Mr. Anderson had his hand up, and then Mr. Wiesner. Yes, Mr. Anderson.

MR. ANDERSON: Just quickly, on Point 36, on Table 2, regarding the inspection for commercial systems. I guess it seems that language should be crafted there or some consideration maybe given to that. It seems a little discretionary. And, it may be a challenge with regard to selling projects having this ten-year tail, if a buyer was to buy a project, again, a greenfield-developed or a municipal-developed project, where you have some owner coming in to buy the project, similar to what we did on Peterborough. Having this ten-year tail, where the New Hampshire can just -- PUC can just decide to claw back that rebate. It seems like defining that a little better, so that it doesn't become a contract concern item in selling the system down the line. Thank you.

CHAIRMAN HONIGBERG: Mr. Wiesner.

MR. WIESNER: I just wanted to make a point on timing, which some parties have addressed here this morning. The memo estimates "four to eight weeks". I would say that's a conservative estimate. It would be our intent to see the program open sooner than that. And, Mr. Ruderman suggested that it might be possible to work on draft application forms before the order is issued, I think that is our intent as well.

We are mindful that we are on the verge of coming into the peak or at least the initial start of the construction season for these types of projects, and we would not want to miss that. So, we are mindful of that. And, we will make every effort to move that forward and get the new programs up and running.

CHAIRMAN HONIGBERG: Thank you.

Anything else?

[No verbal response]

CHAIRMAN HONIGBERG: All right. Thank you all. We will adjourn.

(Whereupon the hearing was adjourned at 11:51 a.m.)