

STATE OF NEW HAMPSHIRE

Intra-Department Communication

DATE: November 23, 2011
AT (OFFICE): NHPUC

FROM: Jack Ruderman *JR*
SUBJECT: Docket No. DE 11-213
Utility On-bill Financing (Funds)
Proposed Tariff—Granite State Electric Company d/b/a National Grid
TO: Debra Howland
Commissioners



Staff Recommends the Tariff Be Approved

In 2009, the Commission awarded the electric distribution utilities a Greenhouse Gas Emission Reduction Fund grant in the amount of \$7,646,020 to expand the CORE efficiency programs. Included in this grant was funding for Granite State Electric Company d/b/a National Grid (National Grid) in the amount of \$303,000 for a revolving loan fund (RLF) mechanism for on-bill financing for customers to install energy efficiency measures. On June 28, 2011, Staff filed a memorandum (copy attached) which reported that National Grid had loaned less than one percent of its available loan funds and identified the need for National Grid to expand marketing to promote the on-bill financing program. Staff and National Grid subsequently met to discuss how National Grid could expand the program.

On October 4, 2011, National Grid filed a tariff proposed for effect on January 1, 2012 to implement expanded availability of its on-bill financing program as recommended by Staff. Revisions were received November 4, 2011; a final revision was received on November 23, 2011.

The proposed tariff for the **Residential Energy Efficiency Program** increases the maximum loan amount available from \$500 to \$7,500. The minimum would be set on a case-by case basis. The loan amount would not exceed the participating customer's share of the installed cost of the energy efficiency measures installed under National Grid's approved energy efficiency program. The proposed tariff would also extend the repayment period for residential loans from 24 months to 84 months.

The proposed tariff converts the existing municipal RLF program to a **Non-Residential Program** that will include municipal, commercial and industrial entities. The minimum loan amount would be determined on a case-by-case basis so as to accommodate as many customers as possible. The loan amount must be less than or equal to \$50,000 for each project. A participating customer is limited to \$150,000 per year in loan funds with no

limit on the number of projects at the sole discretion of National Grid. The proposed tariff would also extend the repayment period for this category of loans from 24 months to 120 months.

Staff has reviewed the tariff and recommends that the tariff be approved. Staff also recommends that to assure robust participation in the program, National Grid should continue to update its marketing program and allow Staff to review and comment on its marketing strategy and supporting materials. In addition, Staff recommends that National Grid be required to file quarterly reports with the Sustainable Energy Division staff describing its marketing efforts and participation in the program concurrent with the reports filed with the Commission on National Grid's CORE energy efficiency programs.

Finally, National Grid is the subject of a proposed acquisition by Liberty Energy Utilities, Corp. Staff recommends that National Grid update Staff on the status of the acquisition and, if the acquisition is approved, provide Staff with the identity of the persons at Liberty who will be assuming the administration of this program.

STATE OF NEW HAMPSHIRE
Intra-Department Communication

DATE: June 28, 2011

AT (OFFICE): NHPUC

TO: Debra A. Howland, Executive Director

FROM: Barbara Bernstein, Sustainable Energy Analyst

SUBJECT: Resolution of Revolving Loan Funding Provided to the Utilities as Part of the GHGERF RE-CORE Grant

CC: Jack K. Ruderman, Director, Sustainable Energy Division
Suzanne Amidon, Staff Attorney
Karen Moran, PUC Auditor

On August 19, 2009, the Governor and Council authorized the Public Utilities Commission to award grant funds in the amount of \$7,646,020 to Public Service Company of New Hampshire (PSNH), to significantly increase the delivery of energy efficiency services to ratepayers, thereby reducing emissions of greenhouse gases. The contract period was originally from Governor and Council approval through June 30, 2010; a contract extension moved the grant's end date to December 31, 2010. This funding was to be utilized by PSNH, New Hampshire Electric Co-op (NHEC), Unitil (UEC), and National Grid to enhance and expand their CORE energy efficiency programs.

The final report was received February 15, 2011; a revised version was received March 5, 2011. The final report provided an overview of many successful aspects of the program. The final report format also asked grantees to **explain any obstacles encountered or any milestones not reached**. Two issues were discussed in the RGGI Expansion of the *CORE NH Energy Efficiency Programs, Final Report*, but there was no mention of the lack of utilization of funds for National Grid's and Unitil's on-bill financing programs. As outlined in the PUC's Draft Audit Report and summarized in the table below these funds have not been fully utilized.

Revolving Loan Fund					
	NGRID	NHEC	PSNH	UES	TOTAL
Total	\$303,000	\$200,000	\$500,000	\$725,000	\$1,728,000
Loaned Amt.	\$1,377	\$ 67,841	\$403,885	\$140,712	\$ 613,815
Loaned %	.45%	34%	81%	19%	36%

PUC staff from both the Audit Department and SED participated in a conference call on June 18, 2011 with representatives from the Utilities. When questioned on the lack of program development, a representative from Unitil suggested they would develop a marketing plan within the following few days. PUC staff pointed out that the term of the contract ended more than six months previous to the

conversation. To date a marketing plan has not been received. A letter was sent to the Director of the SED dated June 21, 2011 that indicated that there was no date specified in the contract for loaning out the funds.

Unitil has provided several marketing brochures that were developed for the program. Promotional materials requested from National Grid on June 23 were sent electronically June 28, 2011.

It is imperative that the Commission determine next steps for these funds. Issues to consider include:

- National Grid is leaving the state;
- It appears National Grid doesn't have an internal accounting system to implement a RLF; and,
- Unitil encumbered the largest amount of funds of any of the utilities for this program and it has been underutilized.

Possible resolutions to this issue include:

- Return of all the RLF dollars from both utilities to the PUC;
- Return of some portion of the RLF dollars to the PUC;
- Demand to see the funds used as promised in the grant; or,
- Assume the utilities will use the funds as promised in the grant.