

THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire d/b/a Eversource Energy, Unitil Energy Systems, Inc. and Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty

Development of New Alternative Net Metering Tariffs and/or Other Regulatory Mechanisms and Tariffs for Customer-Generators

DE 16-576

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A. Purpose of Technical Statement

This technical statement is being submitted by Public Service Company of New Hampshire d/b/a/ Eversource Energy (“Eversource”), Unitil Energy Systems, Inc. (“Unitil”) and Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (collectively the “Utilities”), to provide the legislative and regulatory context giving rise to the submission of utility low and moderate income (“LMI”) community solar pilot programs; explain the research and stakeholder outreach efforts that were conducted in order to best design such a program; and to describe the program being proposed by the Utilities and why the particular elements comprising it were chosen.

B. Legislative and Regulatory Context

2019 SB 165, later codified at RSA 362-A:9, XIV(c), created a net metering adder specifically for LMI community solar projects (“SB 165 adder”), an incentive to encourage the development of these projects statewide. The SB 165 adder consisted of a three cent per kilowatt-hour (kWh) credit from 2019 to July 2021, and a two and a half cents per kWh credit thereafter. On or before July 1 2022, the New Hampshire Public Utilities Commission (“Commission”) is to report to the legislature on the progress of projects throughout the state, at which time the legislature will determine if the SB 165 adder should be adjusted up or down, depending on the success of project development statewide. Additionally, RSA 362-A:9, XIV(c) directs that the Commission “shall authorize at least 2 new low-moderate income community solar projects, as defined in RSA 362-F:2, X-a, each year in each utility's service territory beginning January 1, 2020.”

The passage of this bill supplanted the purpose of Order No. 26,029 (June 23, 2017), which was also to encourage LMI community solar project development by directing each utility to develop a pilot program, but only to the extent that such “pilot programs are consistent with,

and not duplicative of, any such other programs and projects required under enacted legislation.” Order No. 26,029 at 63. With the passage of SB 165, the Commission found that the directive of Order No. 26,029 regarding LMI pilot programs was duplicative, and the Commission issued Order No. 26,297 (Oct. 8, 2019) suspending the utility pilot program effort for two years—2019 to 2021—to see how the market would take to the development of projects qualifying for the SB 165 adder.

On July 1, 2021, each utility was to file a status report of SB 165 adder-eligible projects within its service territory. Across all three utility service territories, only one project, located in Eversource’s service territory, exists to date. This may have been due to a number of factors, not the least of which was the COVID-19 pandemic. Nonetheless, Order No. 26,297 states that if any utility has fewer than two active SB 165 adder-eligible projects in its service territory, it must file with the Commission an LMI pilot program by October 1, 2021.

C. Utility Market Research, Development, and Stakeholder Outreach

In May 2019, Eversource filed a proposal for a Clean Innovation Community Solar pilot (“CICS”) with the Commission in DE 19-104. The CICS pilot sought to alleviate barriers to the development of LMI income community solar projects in New Hampshire. The proposal was developed based on experience and observations from other solar programs and discussion with stakeholders, including discussions and comments from the LMI solar pilot working group facilitated by the Commission at that time. The CICS offered to assume responsibility for the administration of LMI community solar projects, provide the SB 165 LMI adder for surplus generation, and to permit projects up to 5MW to participate in the program. A revision to the CICS proposal was filed in February 2020 that primarily proposed to reduce the maximum project size allowed in the pilot to 1MW, consistent with the updates to the RSA and Puc 900 rules. Due to timing and process issues that arose as a byproduct of the COVID-19 pandemic, Eversource formally withdrew its CICS pilot proposal in January 2021.

Recognizing that it was unlikely that the Company would have two community solar projects in its service territory receiving the LMI adder by July 1, 2021, Eversource began to prepare for a new pilot proposal to comply with the Commission’s October 1, 2021 filing deadline. In June 2021, the Company released a Request for Information (“RFI”) to stakeholders in the New Hampshire solar market to confirm its understanding of the barriers that exist to developing LMI community solar projects and identify any additional challenges the Company may have missed in its prior stakeholder outreach. Eversource received seven written responses to its RFI and conducted four additional stakeholder interviews.

Respondents to the RFI cited challenges with identifying and acquiring income-eligible customers, finding organizations willing to act as group hosts, and the need to engage a broad range of partners in order to complete LMI community solar projects. Respondents also stated that the system size limits in New Hampshire made it more challenging to achieve economies of scale. Several respondents expressed excitement for a low-income community solar pilot and an eagerness to partner with Eversource to enroll income-eligible customers.

In addition to this stakeholder feedback, Eversource also considered its experience developing similar low-income focused solar programs in its other service territories when developing the New Hampshire pilot proposal. These programs include the Shared Clean Energy Facility program in Connecticut, as well as the proposed Eversource Community Solar Access Program in Massachusetts. In both of these programs, Eversource identifies and enrolls income-eligible customers into community solar projects and manages customer changes to ensure the projects are fully subscribed.

In the third quarter of 2021, Eversource, Unitil and Liberty had a series of meetings to share information such as what had been learned so far and various ideas for pilot program approaches. After several discussions among the Utilities, Eversource's customer enrollment and management design was determined to be the simplest to implement and sufficiently adaptable to harness and leverage each utility's resources of scale, so that each company could foster development in their respective service territories and attract the maximum number of eligible potential projects. Upon reaching consensus around this approach, the Utilities joined efforts to submit this pilot program so that each utility may offer it in a manner tailored to the communities in their service territories. Given the current market landscape and existing challenges and roadblocks that exist for developers, the Utilities believe this pilot will clear the way to advance low-income group net metering solar project development in New Hampshire.

D. Pilot Design

The Utilities have selected the following approach to leverage the advantages of existing utility resources and capabilities to create a cost conscious and effective framework for encouraging, enabling and sustaining LMI solar projects for New Hampshire communities. This approach minimizes expenditures while maximizing benefits by utilizing the abilities of existing utility systems and staff.

1. RFP Process

Annually, for a period of three years, the Utilities will individually issue Requests for Proposals ("RFPs") for low-income group net metering solar projects. The RFP process will create a formal channel for the Utilities to solicit and evaluate low-income group net metering solar projects. Each utility will set a goal of procuring two low-income group net metering solar projects from each RFP. The use of an RFP structure will allow each utility to formally evaluate project proposals for compliance with the Puc 900 rules and the benefits the project could deliver to low-income participants, as well as perform a technical review of the project's viability.

The Utilities will publicly administer their RFPs and establish a standard format for analyzing and answering RFP bids. Successful bidders will execute a master agreement with the Utility for customer enrollment and management services.

2. Customer Identification and Enrollment

The Utilities are uniquely positioned to enroll low-income customers into group net metering solar projects based on the data available to them in their billing systems. The Utilities

can easily identify income-eligible customers based on their participation in the Electric Assistance Program (“EAP”), as well as verify each customer’s account status. By leveraging utility databases to enroll income-eligible participants, the effort and cost for developers and group hosts to identify and recruit customers to participate in low-income group net metering solar projects is greatly reduced.

The Utilities propose to limit participation in the pilot program to low-income customers that meet the eligibility requirements of the EAP in order to reduce the administrative costs of the pilot and ensure the benefits of the pilot are directed to customers most in need. The Utilities do not currently have processes in place to identify moderate-income customers, so including such customers in the pilot would require the development of new income-verification processes that would increase the cost of operating the pilot.

While the Utilities hope for a successful pilot program, there is awareness that the pilot program may not be large enough to accommodate all participants in the EAP. In order to establish an unbiased process for enrollment in the pilot program, the Utilities propose a geographically-based, random selection process in which EAP customers that reside in the municipality hosting the solar facility or surrounding towns are randomly sorted and offered priority enrollment in the group net metering solar project. If a customer does not wish to participate in the group net metering project, their spot will be offered to the next customer on the list. The Utilities believe that this approach is the best way to impartially distribute the benefits of group net metered solar projects amongst a large group of customers with similar levels of financial hardship.

Customers that choose to participate in the pilot program will not be required to make any commitment or obligation to the program, financial or otherwise. Customers that enroll in the pilot program can terminate their participation at any time without penalty. Customers that terminate their participation in the program will be replaced on a quarterly basis by their utility.

3. Payment and Crediting

In response to the RFP, each group host will be required to specify the percentage of the monetary credits generated by the solar facility’s excess electricity production to be allocated to the group host, and the percentage of the monetary credits to be allocated to the pilot program. The monetary credits allocated to the pilot program will be distributed to low-income group members enrolled in the project by the utility. While all members of the low-income group net metering facility will receive on-bill credits, the group host may elect to receive their on-bill monetary credit as a cash payment.

The Utilities will aim to provide each customer with an annual savings of \$240 from their participation in the low-income group net metering solar project (an average of \$20 a month). The Utilities set a savings target of \$240 per year based on the average savings realized by customers participating in the LMI group net metering solar projects funded by the Commission’s Renewable Energy Fund Grant Program.¹ The Commission specified that customers participating in LMI solar projects funded by the grant program are saving on average

¹ <https://www.puc.nh.gov/Home/Commission-Reports/20200601-LMI-Costs-And-Benefits-Legislative-Report.pdf>

\$20-\$53 per month. The Utilities propose a target for individual customer savings on the lower end of this range to so that a greater number of low-income customers may benefit from each pilot project. Each customer's percentage allocation of the monetary on-bill credits generated by the facility will be sized based on the system's estimated year one production and the savings target of \$240 per year.²

4. Registration and Reporting

To alleviate the logistical burden of the registration and reporting requirements placed on group hosts, the Utilities will assume this responsibility for projects that participate in the pilot. The Utilities can easily verify whether a low-income customer meets the income requirements for a LMI group net metering project as well as whether the customer account is still active and valid, and each member and group host's usage over the prior year. By assuming reporting and registration requirements for low-income group net metering projects, the Utilities anticipate greater interest from property owners in siting low-income group net metering projects and becoming group hosts.

The Utilities also propose an alternative evaluation and reporting framework as opposed to a full Evaluation, Measurement and Verification report ("EM&V"). Given the scope and scale of this pilot proposal, the Utilities believe that annual and post-pilot reporting is a more appropriate evaluation structure than a potentially costly third-party EM&V study.

5. Necessary Resources and Cost Recovery

The Utilities believe that the proposed pilot is a cost-effective structure that will alleviate many barriers to low-income group net metering project development in New Hampshire. While the Utilities will make every effort to leverage existing resources to implement the pilot program, they do anticipate limited incremental costs associated with pilot administration. In accordance with the directive in Order No. 26,029, the Utilities propose to recover prudently-incurred incremental costs through each company's appropriate reconciling mechanism.

² Actual savings may vary based on the system's realized production and degradation over time.

New Hampshire Low-Income Group Net Metering Solar Pilot Program Proposal

1. Purpose

The purpose of the Low-Income Group Net Metering Solar Pilot Program (the “Program”) is to encourage development of low-income group net metering solar projects in the state of New Hampshire. To date there has been limited development of group net metering solar projects that serve low and moderate income (“LMI”) customers in New Hampshire, and only one LMI group net metering solar project has been approved to receive the group net metering LMI adder authorized in 2019 by SB 165, now codified in RSA 362-A:9, XIV(c). Public Service Company of New Hampshire d/b/a Eversource Energy, Unitil Energy Systems, Inc, and Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (collectively the “Utilities”) can offer additional services to the New Hampshire solar market to facilitate development of LMI group net metering solar projects.

2. Program Overview

To assist in the development of group net metering solar projects that serve low-income customers, the Utilities will provide customer identification, enrollment and administrative services for low-income solar group net metering hosts. Through an RFP, group hosts or their agents may request low-income customer enrollment services from their Utility. Once requested, the Utility will identify and enroll low-income customers in the project using existing billing systems that have such customers identified. The Utility will also register the project with the New Hampshire Department of Energy (“DOE”) to receive the LMI adder and assume responsibility for low-income customer management as well as the annual reporting requirements of the Puc 900 rules. The Utilities shall each issue one Request for Proposals (“RFP”) per year for three years, but each Utility will assume responsibility for low-income customer management for ten years.

3. Procurement of Group Net Metering Solar Projects

Each of the Utilities shall establish an RFP for low-income group net metering solar facilities. Group net metering solar group hosts or their agents may respond to the RFP to receive low-income customer identification, enrollment and management services from their Utility. Qualifying respondents to the RFP will execute a master agreement with their Utility for these services, however no cost or fee will be charged to the group host or its members for the services the Utility provides. Each Utility will set a goal of procuring at least two low-income group net metering solar projects per RFP to achieve the legislative goal of DOE approval of two qualifying projects per year in each Utility service territory. Depending on the results of the first RFP, the Utilities reserve the right to establish a cap on the number of projects procured through any given RFP. If the RFP does not result in the procurement of at least two low-income projects for the Utility, the company may re-issue the RFP in the same calendar year.

To be eligible as a qualifying bid for the RFP, the group host and facility must meet the following minimum requirements:

1. The facility must have an in-service date after July 1, 2019;
2. The facility must be less than or equal to 1 MW-AC in size;
3. The group host must agree to allocate all net excess electricity not allocated to the host to low-income members identified and enrolled by the Utility;
4. The group host must agree that the group members will receive on-bill credits pursuant to PUC 909.12.

To submit a bid for the RFP, the group host must complete an application and provide at minimum:

1. Facility size (nameplate capacity in kW-AC) and estimated annual energy output (kWh per year for ten years);
2. Project location (street address, town or city, and zip code);
3. The annual load of the host and the percentage of surplus generation to be allocated to the host;
4. The facility's estimated commercial operation date.

The application will be developed by the Utilities and published with the RFP. The master agreement that each host must execute with their Utility will also be published with the RFP. Each application (project) submitted in response to the RFP will undergo a technical review to assess the project's viability, its timeline, and the estimated benefits it may be able to provide to low-income customers.

The Utilities propose to issue the first RFP in June 2022 and annually thereafter for a period of three (3) years.

5. Customer Identification & Enrollment

For successful RFP project bids, the Utilities will identify income-eligible Electric Assistance Program ("EAP") participants to enroll in each group net metering solar project. The Utility will calculate how many customers it can enroll in a project based on the monetary credit value of the net excess generation credits each solar facility will be able to provide to low-income group members, with a goal of providing each customer with a targeted savings minimum amount of \$240¹ in year one. Weather and solar panel degradation will affect the annual output of kWh and therefore impact the actual dollar savings each customer may receive.

The calculation of the number of customers each project can accommodate is:

¹ In some cases host system kWh output could lead to a host offering a credit amount per customer more than the estimated \$240 per year.

$$\text{Number of Customers} = (\text{Net Excess Production allocated to Program (kWh)} * \text{Alternative Net Energy Metering Tariff Rate}^2) / \$240$$

For example, if the solar facility had allocated an estimated annual net excess production of 100,000 kWh in year one to the pilot program and the value of the on-bill credits generated is \$125,000 the Utility would enroll 52 customers in the project (100,000 kWh x \$0.125/240 = 52 customers).³

During an enrollment event, the Utility will extract a list of all eligible EAP customers in the municipality where the group host is located and surrounding municipalities if there are not enough subscribers from the host municipality. The customer list will be randomized and customers ranking at the top of list will be contacted by their Utility and provided an opportunity to enroll in the low-income group net metering solar project. If a customer does not elect to participate in the project within 14 days of notification, the Utility will offer the membership to other customers on the list. If a customer responds after the 14 day window and there is no longer room for the group net metering solar project to accommodate that customer, the customer will be placed on a waitlist. Customers on the waitlist will be prioritized to receive a subscription if an enrolled customer terminates their participation in the program.

Consistent with the example above, if the project has capacity for 52 members the Utility would offer membership to the first 52 customers on the randomly sorted list of EAP customers. If one or more of those customers did not opt to enroll in the program after 14 days, the Utility would offer the remaining memberships to the next customer on the list until the project was fully subscribed.

Customers that indicate they would like to enroll in the project will be sent a membership agreement (“Agreement”) to execute to confirm their enrollment. While the Agreement will be between the group host and the customer, pursuant to the Utility's scope of work in the master services agreement with the host, the Utility will act as an intermediary between the group host and the customer to ensure the necessary paperwork is completed. The Agreement will confirm the customer’s enrollment in the pilot program, but it will not require the customer to make any financial commitment to the program as no low-income members will be charged any fee to participate in the low-income group net metering solar project, or any fee to cancel their participation.

² The value of the alternative net metering tariff is dependent on the solar PV system size. For systems less than or equal to 100 kW-AC the net metering tariff includes a 25% credit for the distribution service energy charge, a 100% credit for the transmission service energy charge and a 100% credit for the default service energy charge, if applicable to the host. For system sizes greater than 100 kW-AC but less than or equal to 1 MW-AC the credit is for the default service energy charge only, if applicable to the host.

³ This calculation is for illustrative purposes only. The actual value of the alternative net metering tariff will vary by Utility service territory and the solar PV system size.

6. Customer and Group Host Payments and Credits

Per Puc 909.13 (c) the group host shall have the option to receive payment from the Utility no more frequently than on a monthly basis equal to the host's on-bill monetary credit amount in excess of the host's billed charges for the billing period.

Per Puc 909.12 and 909.13 (d)(2) all enrolled low-income group members shall receive on-bill credits. The on-bill credit provided each month will be based on each member's percentage share of the monetary credit value of all excess electricity production generated by the solar facility and allocated to members. Each member's percentage share shall be sized to deliver an estimated benefit of \$240 per year based on the system's estimated year one production. No member will be charged or assessed any subscription fee, investment amount, termination fee, withdrawal charge or cost, expense, fee, charge, price or other amount as a condition of membership. Low-income group members are eligible to maintain their subscriptions for the entire term of the low-income group net metering solar project participation in the pilot,⁴ so long as they maintain income-eligibility as a low-income customer and remain an active customer of their Utility. Members may continue to participate in the group net metering solar pilot program if they change residences, so long as they meet the income-eligibility requirements of the program and move within the same Utility's service territory.

The Utility will be solely responsible for administering payments to group hosts and providing members with on-bill credits each month.

7. Customer Un-enrollment & Termination

Group members enrolled in a low-income group net metering solar project may terminate their participation in the program at any time without penalty, financial or otherwise.

In order to maintain their subscriptions in the low-income group net metering solar project, group members must continue to meet the program's income requirements and have a household income at or below 200 percent of the federal poverty guidelines. Income-eligibility will be reviewed once per year by the Utility, based on participation in the EAP. If a customer is no longer participating in the EAP, they will be given notice of the requirement to re-enroll in the EAP to maintain the low-income group net metering solar subscription. Customers that do not re-enroll in the EAP program within one month from the notice will be unenrolled from the low-income group net metering solar project by the Utility. Customers who are unenrolled from the project will be replaced with new, active EAP customers by the Utility.

If a low-income group net metering solar project is permanently out of service and is no longer generating electricity, the member subscriptions to that low-income group net metering solar project will be terminated.

If a low-income group net metering solar project is temporarily out of service and is not generating electricity, the members will receive no credits for the out of service period.

⁴ The maximum term a low-income group net metering solar project can participate in the pilot is 10 years.

8. Customer Management & Reporting

The Utilities will assume full responsibility for customer management and reporting for the Program. Specifically, the Utilities will:

1. Register the project with the DOE as a low-income group net metering solar project pursuant to Puc 909.09 and ensure the project meets the following requirements:
 - a. The total historic annual load of the members together with the host exceed the project annual output of the host's facility;
 - b. The host has elected for the group to receive on-bill credits pursuant to Puc 909.12;
 - c. The group includes at least five residential end-user customers;
 - d. A majority of the residential end-user customers have household income at or below 300 percent of the federal poverty guidelines;
 - e. No more than 15 percent of the project annual load for the group is attributable to non-residential end-user customers, unless the non-residential end user is an affordable housing project;
 - f. The sum of the on-bill monetary credit percentage allocations that are residential end-user customers with household income below 300 percent of the federal poverty level guidelines or affordable housing projects is not less than 12 percent of the total credit amount allocated to the host and all group members.
2. Review each member's income eligibility annually
3. Replace customers that leave the low-income group net metering solar project either:
 - a. Once per quarter for customers that choose to un-enroll from the Program or terminate electric service with their Utility;
 - b. Annually for customers that are no longer income-eligible for membership in the Program.
4. File the annual report form for group hosts with the DOE pursuant to Puc 909.10

9. Program Evaluation and Reporting

In order to minimize costs associated with the Program, the Utilities propose an alternative reporting framework to a full program evaluation, measurement and verification study. Annually, after the close of each RFP each Utility shall report on the results of the RFP and the projects selected to the New Hampshire Public Utilities Commission ("PUC") and DOE. Based on the results of each RFP, the Utilities will include in the report any recommended changes to the RFP process and/or Program design. At the conclusion of the three-year Program period, each Utility shall file a final report on the Program and make a recommendation to the PUC and DOE as to whether the Program was successful and whether the Program should be continued.

10. Recovery of Program Costs

The Utilities propose to recover prudently-incurred incremental costs through the appropriate cost recovery mechanism for each Utility. For Eversource, the reconciling mechanism is the Regulatory Reconciliation Adjustment; for Unitil, it is the External Delivery Charge; and for Liberty, it is the Annual Retail Rate filing. The costs associated with operating the Program will

depend on the results of the RFPs and the number of customers the Utilities enroll in the Program. Although the Utilities will strive to maximize the use of internal resources, incremental resources may be necessary to implement the Program.