MHPUC 11DEC'18PH3:56

# STATE OF NEW HAMPSHIRE Intra-Department Communication

# **DATE:** December 11, 2018 **AT (OFFICE):** NHPUC

FROM: Tanya Wayland, Utility Analyst

SUBJECT: DE 17-172 Development of Renewable Energy Fund Program for Low and Moderate Income Residential Customers Required by the Passage of Senate Bill 129 of 2017
Staff Recommendation to Use RFP Process for 2019 and 2020
TO: Martin P. Honigberg, Chairman Kathryn M. Bailey, Commissioner Michael S. Giaimo, Commissioner Debra A. Howland, Executive Director
CC: Karen P. Cramton, Director, Sustainable Energy Division V<sup>PU</sup> Mary Schwarzer, Staff Attorney David K. Wiesner, Director, Legal Division

## **Recommendation Summary**

Staff recommends continuing to utilize a Request for Proposals (RFP) process for the next two state fiscal years as the means of funding projects that provide direct benefits to low and moderate income (LMI) residential electric customers pursuant to Senate Bill 129 (2017) (hereinafter SB 129) requirements. Based on the success of the RFP conducted for state fiscal year 2018, Staff believes that process should be maintained. In addition, continuation of the RFP process over the next two years will allow Staff to collect and analyze more information regarding LMI project development and operation.

## **Statutory and Procedural Background**

Under SB 129, enacted as 2017 N.H. Laws Chapter 226, the Commission is required to develop program(s) for low and moderate income residential customers. In particular, SB 129 specifies further parameters for development of LMI programs, including the following:

- "[N]o less than 15 percent of the [Renewable Energy Fund] shall annually benefit low-moderate income residential customers, including, but not limited to, the financing or leveraging of financing for low-moderate income community solar projects in manufactured housing communities or in multi-family rental housing."
- "Low-moderate income community solar project" means ground-mounted or rooftop solar arrays that directly benefit a group of at least 5 residential end-user customers, where at least a majority of the residential end-user customers are at or below 300 percent of the federal poverty guidelines."

## See RSA 362-F: 2 X-a and F: 10, X.

On November 3, 2017, the Commission opened Docket DE 17-172 to develop, review, and approve program(s) designed to meet SB 129 requirements. The Commission directed that initial efforts to develop such programs be undertaken concurrently with the LMI working group sessions in the alternative net metering tariff docket, Docket DE 16-576. Joint working group sessions were held to discuss relevant issues and receive stakeholder input. On February 15, 2018, based on stakeholder input, Staff submitted a memorandum to the Commission recommending that an RFP process be used to meet SB 129 requirements for state fiscal year (FY) 2018. On March 2, 2018, the Commission held a public comment hearing to receive input regarding Staff's recommendations. On March 19, 2018 the Commission issued Order No. 26,113 approving implementation of a program through the issuance of an RFP for FY 2018, pursuant to RSA 362-F:10, VIII, which requires notice and a hearing.

RFP 2018-003 was issued March 23, 2018 seeking new ground-mounted or rooftop community solar projects that would provide direct benefits to a minimum of five residential electric customers and where at least the majority (three) of participants must be LMI. Five proposals were submitted to the Commission. The proposals were reviewed and scored. Three proposals were selected for funding and three contracts were approved by the Governor and Executive Council on June 20, 2018. All three projects have been completed and became fully operational prior to the end of the calendar year 2018.

## **Recommendation Details**

Staff recommends continuing to utilize an RFP process for the next two state fiscal years. The Commission approved the allocation of \$650,000 to the LMI program for FY 2019. *See* August 29, 2018 secretarial letter. Staff recommends that the 2019 RFP set a minimum request for funding of \$50,000 and a maximum request of \$200,000.

Other RFP criteria would remain very similar to those in the RFP for FY 2018; again requiring that proposals submitted in response to the RFP address potential project challenges such as LMI participant recruitment, initial and ongoing income verification, subscription management, and long-term system operations and maintenance, and that proposals describe viable solutions to address those challenges. Projects that are awarded funds will be required to submit an annual report to the Commission.

Staff considers the competitive scoring RFP process a reliable approach to ensure that applicants provide the maximum benefits to LMI participants. Direct benefits provided to each LMI participant should remain the most heavily-weighted scoring criteria. Staff recommends minor adjustment to the scoring criteria, however, such as awarding additional points to proposals that include moderate income participants and not just low income participants.

The projects awarded funding through the LMI program's inaugural RFP have been successful; all three of the projects granted renewable energy fund (REF) grants became operational within six months of contract approval. Despite this success, the projects' first annual reports are not

due until February 2019, and will only cover a partial year of data. At a minimum, February 2019 and future annual reports will include:

- Electric energy produced by the PV system (i.e., kilowatt-hours generated) during the preceding calendar year;
- Total number of participants in the LMI Community Solar Program (Program);
- Number of LMI participating customers receiving direct benefits through the Program;
- Description and quantification of direct benefits provided to LMI and non-LMI participants through the Program;
- Quantification of the annual net direct benefits (in dollars) received by each LMI participant;
- Explanation of any material variation between the direct benefits projected in the Grantee's proposal and the actual direct benefits provided to participating LMI customers through the Program;
- Certification of income verification conducted for each LMI participating customer, and description of the income verification process;
- Certification that the number of participating customers equaled or exceeded five (5), and that the majority of participating customers were certified and verified to be LMI;
- Description of any change in ownership of the PV system;
- Description of any changes made to the overall Program model;
- Description of any impacts to public benefits received by participating LMI households or any tax implications related to participation by LMI households in the Program;
- The number of renewable energy certificates (RECs) produced during the preceding calendar year; and
- The number of RECs sold during the preceding calendar year.

Collection of such information over the next few years will enable Staff to evaluate the long-term success of funded projects, as well as the potential for development of alternative program implementation models.

Based on the demonstrated success of the first RFP, and the need to collect further information regarding LMI project development and operation, Staff recommends that the Commission approve an RFP process for FYs 2019 and 2020 to fund LMI projects, pursuant to RSA 362-F:10, VIII.

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