

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

**DE 11-250
DE 14-238**

CLEAN ENERGY FUND

**Public Service Company of New Hampshire
d/b/a Eversource Energy**

**Order *Nisi* Approving with Conditions
the Amended Joint Proposal for Use of Clean Energy Fund**

O R D E R N O. 26,577

February 4, 2022

In this order *nisi*, the Commission approves in part and denies in part, with conditions, the April 14, 2021 Amended Joint Proposal for Use of the Clean Energy Fund as submitted by former Commission staff and staff of the Office of Strategic Initiatives (now consolidated as the Department of Energy).

The Commission approves an equal allocation of the initial \$5.2 million in Clean Energy Fund dollars between programs supporting residential customers and programs supporting commercial and industrial (C&I) customers consistent with the approved allocation of stranded costs under the 2015 Settlement Agreement, an on-bill financing program for Eversource residential customers funded at up to \$1.1 million, a battery rebate program for Eversource residential customers funded at up to \$750,000, and an energy storage rebate program for Eversource C&I customers funded at up to \$1.0 million.

The Commission denies, without prejudice, the request by the parties in the Amended Joint Proposal for the Commission to determine that the proposed low-moderate income program for Eversource's residential customers and the proposed

financing program for Eversource's C&I customers conform to the four objectives specified in the 2015 Settlement Agreement.

The Commission, however, directs the parties to submit detailed proposals for use of the balance of the Clean Energy Fund by May 1, 2022. Such proposals may include a low-moderate income program for Eversource residential customers, a financing program for Eversource C&I, or alternative proposals for use of the funds consistent with the four criteria set forth in the 2015 Settlement Agreement.

This order *nisi* also establishes a process to implement the Clean Energy Fund programs moving forward in a new proceeding, DE 22-004.

I. BACKGROUND AND PROCESS

The Clean Energy Fund was established as part of the 2015 Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) Restructuring and Rate Stabilization Agreement (2015 Settlement Agreement) filed on June 10, 2015 in Dockets DE 14-238 and DE 11-250, and approved by the Commission in Order No. 25,920 on July 1, 2016. Under the terms of the 2015 Settlement Agreement, funds are to be made available to support clean energy initiatives following Eversource's issuance of rate reduction bonds, which occurred in 2018. The programs to be supported by the Clean Energy Fund will be available only to Eversource customers.

On November 7, 2019, former Commission staff¹ and staff of the Office of Strategic Initiatives (OSI)² (together, Energy) filed an initial joint proposal concerning

¹ Department of Energy Staff were formerly referred to as Staff of the Commission. References to Staff changed with the establishment of the Department of Energy on July 1, 2021. For convenience, this order will refer to former Commission Staff as Energy. See House Bill 2, 2020 Legislative Session 2021 Regular Session (N.H. 2021) House Bill 2, 200 Name Change; Department of Energy.

² OSI is now part of the Department of Energy.

the use of \$5.0 million³ to be provided by Eversource to establish the Clean Energy Fund approved by the Commission on July 1, 2016 in Order No. 25,920. On February 4, 2020, Eversource agreed to increase the Clean Energy Fund balance to \$5.2 million as a resolution to stakeholder concerns regarding interest accrual.⁴

Pursuant to a series of stakeholder meetings,⁵ Energy filed an Amended Recommendation regarding use of the Clean Energy Fund on August 3, 2020, and, after receiving further stakeholder input, an Amended Joint Proposal on April 14, 2021. On November 10, 2020, the Commission held a public hearing regarding the Amended Recommendation and took public comment from interested stakeholders, including representatives of Clean Energy NH (CENH), Conservation Law Foundation (CLF), New Hampshire Community Development Finance Authority (NH CDFA), the Office of the Consumer Advocate (OCA), Energy (formerly Commission Staff at the time), and Eversource, concerning whether the Amended Recommendation for use of the Clean Energy Fund was consistent with the four criteria provided by the 2015 Settlement Agreement.⁶

Written comments regarding the Clean Energy Fund were received from members of the public, stakeholders, and members of the NH Legislature in support of the Clean Energy Fund and are included in the docket files for Dockets DE 14-238

³ The 2015 Settlement Agreement filed in Dockets DE 14-238 and DE 11-250 and approved on July 1, 2016 in Commission Order No. 25,920 provided for a \$5 million Clean Energy Fund. During these proceedings Eversource agreed to add an additional \$200,000 to the fund, bringing the total fund level to \$5.2 million.

⁴ See February 4, 2020 letter from Eversource concerning the establishment of the Clean Energy Fund. https://www.puc.nh.gov/Regulatory/Docketbk/2014/14-238/LETTERS-MEMOS-TARIFFS/14-238_2020-02-04_EVERSOURCE_RESPONSE_STAFF_REC.PDF

⁵ Please see the joint proposal filed concurrently in Dockets 14-238 and 11-250 on August 3, 2020, for a description of the earlier stakeholder process.

⁶ See 2015 Settlement Agreement at 25 filed on 1/26/16 in www.puc.nh.gov/Regulatory/Docketbk/2014/14-238.html.

and DE 11-250. Following the public comment hearing held on November 10, 2020, Energy met with the then-OSI⁷ and interested stakeholders in virtual meetings on December 2, 2020, and January 20, 2021 to further refine a consensus proposal for use of the Clean Energy Fund.

The Amended Joint Proposal, approved in part and denied in part herein with conditions, and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website in a new docket at www.puc.nh.gov/Regulatory/Docketbk/2022/22-004.

II. POSITIONS OF THE PARTIES

As a result of the above-noted meetings and on-going collaboration, Energy recommended use of the Clean Energy Fund as described in the Amended Joint Proposal filed on April 14, 2021. Energy indicated that the Amended Joint Proposal has the support of the interested stakeholder group; however, the Amended Joint Proposal includes many elements that will require additional detail prior to approval and implementation.

The Amended Joint Proposal outlined five separate programs to be implemented through the Clean Energy Fund. The following three programs were proposed in some detail: (A) an on-bill financing arrangement for Eversource residential customers funded at \$1.1 million; (B) a battery rebate program for Eversource residential

⁷ At the time the 2015 Settlement Agreement was finalized, the agency with OSI's duties was known as the Office of Energy and Planning (OEP). As noted above, OSI was transferred to Energy in 2021.

customers funded at \$750,000; and (C) an energy storage rebate program for Eversource C&I customers funded at \$1.0 million.

According to the Amended Joint Proposal, the proposed battery and energy storage measures are included as eligible technologies supported in part by either the NH Renewable Energy Generation Incentive Program or NHSaves, and the on-bill financing program is proposed to create financing options not currently available to residential customers for such technologies. The Amended Joint Proposal also provided that Eversource would administer the three programs in tandem with its other existing energy efficiency and clean energy programs.

Two additional programs for residential and C&I customers were identified in the Amended Joint Proposal as not yet sufficiently developed for a determination by the Commission at this time. Those programs include: (D) a low-moderate income program for Eversource's residential customers, funded at \$750,000; and (E) a financing program for Eversource's C&I customers, funded at \$1.6 million.

Recognizing the need to further develop certain details of each program, the interested stakeholders requested that the Commission approve certain aspects of the Amended Joint Proposal and establish an on-going stakeholder process to administer and, if necessary, modify or further develop the proposed programs.

III. COMMISSION ANALYSIS

1. Standard of Review

This Order implements a provision of the 2015 Settlement Agreement approved in July 2016. Specifically, the Commission has reviewed the filings to date, including the Amended Joint Proposal and stakeholder input, to assess whether the proposed

programs meet the following four criteria set forth in the 2015 Settlement Agreement at page 25:

1. Support innovation in achieving clean energy benefits;
2. Leverage various sources of funds, including attracting private capital to the fund and to programs supported by the fund;
3. Expand access to clean energy technologies across customer classes in a cost-effective manner; and
4. Avoid undue costs.

As the program elements approved below are further developed and implemented, the Commission will monitor program administration to ensure that the shareholder-funded Clean Energy Fund is utilized efficiently to maximize benefits for and minimize costs to Eversource customers in accord with the four criteria cited above from the 2015 Settlement Agreement and our duty under RSA 363:17-a to balance utility and customer interests.

2. Allocation of Clean Energy Fund Among Customer Classes

We approve an equal allocation of Clean Energy Fund dollars to programs supporting residential customers and programs supporting C&I customers as a fair division of the fund, consistent with the approved allocation of stranded costs to residential and C&I customers under the 2015 Settlement Agreement. *See* 2015 Settlement Agreement at 10.

3. Proposed Programs for Use of the Fund

As outlined in the Amended Joint Proposal, we approve the following programs for use of the Clean Energy Fund:

- A. An on-bill financing program for Eversource's residential customers, funded at \$1.1 million;
- B. A battery rebate program for Eversource's residential customers, funded at \$750,000; and
- C. An energy storage rebate for Eversource's C&I customers, funded at \$1.0 million.

We deny, without prejudice, Energy's request for a determination of conformance with the 2015 Settlement Agreement regarding the following programs included in the Amended Joint Proposal until further details are submitted for review, or alternatives, as noted herein:

- D. A low-moderate income program for Eversource's residential customers, funded at \$750,000; and
- E. A financing program for Eversource's C&I customers, funded at \$1.6 million.

The Commission cannot provide any determination at this time pertaining to proposals identified by Energy as "not yet sufficiently developed" but encourages Energy to continue to work collaboratively with interested stakeholders to refine approved programs and develop future offerings in the new docket to be opened as described below.

4. New Docket for Administration of Clean Energy Fund

In conjunction with this order *nisi*, the Commission opens a new docket, DE 22-004, for purposes of facilitating the ongoing collaborative process for interested stakeholders to continue to develop the approved programs and to propose detailed programs for the remaining balance in the Clean Energy Fund. Commission oversight of the Clean Energy Fund and associated programs will be conducted in the new proceeding. Specifically, the Commission will review and assess program development and implementation on an annual basis for prudence of costs and allocation of funds and requests Energy's assistance for this review. The first review shall occur in one year's time to assess the administrative costs of active programs, levels of interest from ratepayers, and whether funds and/or programs should be re-evaluated. We will require that any further filings for programs be presented to the Commission for review and approval in DE 22-004.

We direct Eversource to submit annual reports on the financial status of the fund and the supported programs to the Commission in the new docket. Annual reports shall be filed each year on May 1 beginning in 2022 and shall include details regarding participation levels in each program, on-bill financing and rebate payments, and detailed summaries of all costs and forecasted benefits over the projected life of each program. The required annual reports shall include:

- A. A summary of actual and projected administrative costs over the life of the program, including sources of administrative costs, estimates of the number of employees and/or contractors required to administer the program, the estimated cost of such personnel, and whether program administration can

be combined with existing processes and programs to create administrative efficiencies.

- B. A discussion of any overlap with Renewable Energy Fund programs, NHSaves initiatives, or the Triennial Plan for Energy Efficiency Resource Standards (EERS), and consideration of the benefits and detriments to combining or managing programs together.
- C. A discussion and assessment of whether third party management of the program may be cost effective.
- D. Provision for annual audits of program income and expenditures.

5. Interest Accrued on Clean Energy Fund

We find that the Clean Energy Fund is designed to benefit Eversource customers, and we therefore direct Eversource to accrue interest on the funds administered by Eversource, but not disbursed to customers, at the prime rate, beginning on the effective date of this order *nisi*. Accrued interest shall be added to the Clean Energy Fund balance on a quarterly basis and allocated proportionally to each program, with interest made available to future projects and loans. We further require that Eversource account for the Clean Energy Fund and any accrued interest in a separate bookkeeping account so that all associated funds, income, interest, and disbursements can be tracked.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that an equal allocation of the initial \$5.2 million in Clean Energy Fund dollars between programs supporting residential customers and

programs supporting C&I customers consistent with the approved allocation of stranded costs under the 2015 Settlement Agreement is **APPROVED**; and it is

FURTHER ORDERED, that an on-bill financing program for Eversource residential customers funded at up to \$1.1 million; a battery rebate program for Eversource residential customers funded at up to \$750,000; and an energy storage rebate program for Eversource C&I customers funded at up to \$1.0 million are **APPROVED**; and it is

FURTHER ORDERED, that the request by the parties in the Amended Joint Proposal for the Commission to determine that the proposed a low-moderate income program for Eversource's residential customers, funded at \$750,000; and the proposed financing program for Eversource's C&I customers, funded at \$1.6 million conform to the four objectives specified in the 2015 Settlement Agreement is **DENIED** without prejudice; and it is

FURTHER ORDERED, that the parties shall submit proposals in DE 22-004 for use of the balance of the Clean Energy Fund consistent with the four criteria set forth in the 2015 Settlement Agreement. Such proposals may include a low-moderate income program for Eversource residential customers, a financing program for Eversource C&I customers, or alternative proposals, with the requisite detail, by May 1, 2022; and it is

FURTHER ORDERED, that Eversource shall accrue interest at the prime rate on any monies that are not expended from the Clean Energy Fund, and shall add accrued interest quarterly to the Clean Energy Fund balance; and it is

FURTHER ORDERED, that Eversource shall report to the Commission in DE 22-004 annually on May 1 concerning the financial status of the Clean Energy Fund and customer participation levels in the approved programs supported by fund monies; and it is

FURTHER ORDERED, that an annual prudency review conducted by the NH Department of Energy or a third party to facilitate the assessment of all program costs, participation levels, and any program changes is warranted; and it is

FURTHER ORDERED, that the Commission shall close Dockets DE 14-238 and DE 11-250 on the effective date of this order, and shall accept subsequent filings related to implementation of the Clean Energy Fund in DE 22-004; and it is

FURTHER ORDERED, that Eversource shall cause a copy of this order to be published on its website, within one business day of the issuance of this order with publication to be documented by affidavit filed with this office on or before March 1, 2022; and it is

FURTHER ORDERED, that the Clerk shall publish a copy of this order on the Commission's website within one business day of its issuance; and it is

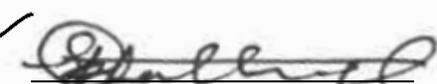
FURTHER ORDERED, that all persons interested in responding to this order be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than February 15, 2022, for the Commission's consideration; and it is

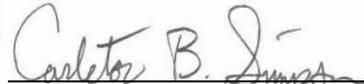
FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than February 24, 2022; and it is

FURTHER ORDERED, that this order shall be effective March 4, 2022, unless Eversource fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New Hampshire this fourth day of February, 2022.


Daniel C. Goldner
Chairman


Pradip Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket# : 11-250

Printed: 2/4/2022

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