



Ms Karen Cramton
21 South Fruit Street. Suite 10
Concord, New Hampshire. 03301

New Hampshire Public Utilities Commission

RE: New Hampshire Renewable Portfolio Standard

Dear Ms Cramton,

Knollwood Energy is one of the largest managers of NH Class 2 RECs in the state of New Hampshire. Our customers are homeowners, small businesses and large businesses that have made the financial investment to install solar on their homes and businesses. A part of their investment decision was an assumption of a properly functioning RPS. However, due to the “Free RECs” language in the RPS, actual demand for NH Class 2’s has been negligible versus the assumed demand based on the percent requirement listed in the RPS. What we call “Free RECs” is the net metering credit language which reduces the demand based on the amount of solar that is installed but not registered. On our customers behalf, we appreciate the opportunity to comment on RSA 362-F.

The state of New Hampshire has a Renewable Portfolio Standard (RPS), whose goal is to provide incentives to increase the amount of renewable energy installed within the state. A cursory analysis of the demand from the RPS is pretty standard. In New Hampshire it increases from .3% to .7% from 2017 to 2020. This would create a clear requirement in all states, except for New Hampshire. New Hampshire, provides a net metering credit to electricity providers for solar facilities that are interconnected, but not producing RECs. The net metering credit reduces the demand for Class 2 RECs and is calculated annually by the New Hampshire Public Utility Commission (PUC).

The impact of this RPS reduction is clearly stated on the PUC’s RPS Compliance website, “For calendar year 2017, the Class II Net Metering Credit exceeds the RPS Class II compliance obligation of 0.3%.” In other words, the demand was reduced to 0! In 2016, the net metering credit reduced the demand from approximately 32,147 RECs to 5,529. The impact of this has been a drastic reduction in prices received by New Hampshire solar owners, with pricing today approximately \$5, as the market waits to see what the net metering credit is for 2018.

There are at least two major issues with the current legislation that SB 447 is looking to correct.

1) The whole concept of the net metering credit. The idea that systems that do not generate RECs, punishes all of the ones that do, does not make sense and is not standard in RPS’s in other states. Again, in 2017, this reduced demand to 0. That can not possibly be the intent of the RPS.

2). Another issue with the RPS is calculating how much net metering credit each non-issuing system qualifies for. The capacity factor estimates the amount of output that is expected from a particular technology. The higher the capacity factor, the larger the expected output and in this case the bigger the credit given to the electricity suppliers. New Hampshire currently uses a capacity factor of 20%. This number is too high and is not supported by any empirical data. The capacity factor is impacted by the quality of installation, the climate and the amount of sun in the particular area of the country. Massachusetts, which is very similar to New Hampshire in the main drivers of solar capacity factor, has calculated an 8 year average of their solar systems of 13.35% using actual data. Why is this important? The net metering credit gives credit based off assumed output, which is calculated from the capacity factor. Using a 20% capacity factor, a 10kw solar system (average home size), would give the electricity suppliers a credit of about 17,520 kwh/year. Using the more accurate 13.35% capacity factor would drop that credit to 11,685 kwh/year. The more accurate capacity factor will reduce the net metering credit and increase the demand to more appropriately reflect reality. The PUC should recommend either using the empirically supported 13.35% number or commit to doing it's own analysis of New Hampshire based facilities.

We strongly support a robust solar market in New Hampshire and hope that some of our comments will be implemented. The most important would be the complete elimination of the net metering credit. At a minimum, the capacity factor should be calculated off of read data and adjusted as soon as possible.

Thank you,

Alane Lakritz

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