

# STATE OF NEW HAMPSHIRE

Intra-Department Communication

NHPUC 13FEB'18PM4:08

DATE: February 13, 2018

AT (OFFICE): NHPUC

**FROM:** Tanya Wayland, Energy Analyst <sup>TW</sup>

**SUBJECT:** DE 10-212 Commercial and Industrial Solar Rebate Program  
Recommendations for Program Modifications

**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 <sup>KPC</sup>  
David K. Wiesner, Staff Attorney

## Recommendation Summary

Staff recommends certain modifications to the commercial and industrial solar incentive program (Program), including a reduction in the amount of the rebate to \$0.40 per watt with a maximum rebate of \$50,000, or 25% of total project cost, whichever is less, per applicant. Staff further recommends consolidating Category 1 and 2 photovoltaic (PV) projects into a single program that would allow applications for projects with capacities up to and including 500 kilowatts (kW) AC. The Program would establish a \$50,000 cap, to allow funding for a maximum number of projects with limited available funds. The Program would not change for solar thermal projects. System expansions would continue to be ineligible for incentives under the modified Program. Staff recommends that a public comment hearing be scheduled so stakeholders may address the proposed Program modifications.

## Program Background

The Commission approved initial implementation of the Program, pursuant to RSA 362-F:10, VIII, by Order No. 25,151 (issued on October 1, 2010), as later modified by Order No. 25,764 (issued on February 20, 2015), among which modifications included establishing two categories for eligible projects, one category for solar electric and thermal systems rated less than or equal to 100 kilowatts (AC) or thermal equivalent and the second for solar electric systems greater than 100 kilowatts (AC) but less than or equal to 500 kilowatts (AC). The Program was further modified by Order No. 25,878 (issued on April 6, 2016), with rebate amount reductions and other modifications effective as of May 6, 2016. Due to funding constraints and high demand, the Program was closed to new applications effective as of July 1, 2017.

### **Rebate Funding Availability**

The Renewable Energy Fund revenues for fiscal year 2018 (FY18) total approximately \$3.6 million. The Program funding allocation for Category 1 projects of \$492,976 and for Category 2 projects of \$497,934 was approved by the Commission in a secretarial letter issued on September 20, 2017. That Program funding allocation allowed all waitlisted applications to be funded under current Program terms and conditions, with the waitlisted project applications for the two Categories approximately totaling the funding allocated to the Program. The Commission therefore reopened the Program only for waitlisted applications, while keeping it closed to new applicants at that time.

Staff has subsequently monitored the Program for expired applications and any applications deemed to be ineligible or withdrawn from the Program. To date, Staff has released approximately \$600,000 from Category 1 and \$60,000 from Category 2. After accounting for the release of funding under expired reservations and projects that were unable to move forward, the available funding for new applications during the remainder of FY18 is expected to be a minimum of \$660,000.

### **Proposed Incentive Level Reduction**

The current Program incentive level for Category 1 projects (up to 100 kW AC) is \$0.65 per watt up to a maximum of \$65,000, or 25% of the total project cost, whichever is less. The current Program incentive level for Category 2 projects (greater than 100 kW AC and up to 500 kW AC) is \$0.55 per watt up to a maximum of \$175,000, or 25% of the total project cost, whichever is less. Based on limited available funding and anticipated high Program demand, Staff recommends a reduction in the Program rebate amount to \$0.40 per watt, with an overall maximum rebate amount of \$50,000, or 25% of the total project cost, whichever is less. The reduced incentive level and maximum rebate amount will allow a greater number of projects to participate in the Program.

Staff further recommends that the two project Categories be combined in order to reduce Program administration time, while continuing to allow for funding of a broad range of projects with limited available funding.

### **Program Eligibility Dates and Transition Provisions**

Staff recommends that the Program modifications become effective on a specified future date in order to allow sufficient time for a public comment hearing, Commission determination, and revision of the Step 1 and Step 2 application forms, as well as to ensure that applicants will have time to gather and submit the required information. Staff proposes that, upon selection of the eligibility date, projects that are installed and operational prior to that date will not be eligible for incentives through the modified Program.

Staff also recommends that the Commission approve a lottery and queue position determination process to be implemented following the re-opening of the Program, unless it becomes apparent that the aggregate amount of new project rebates applied for will not exceed available Program funds.

Staff further recommends that a public comment hearing be scheduled so stakeholders have an opportunity to provide input regarding the proposed Program modifications, consistent with RSA 362-F:10, VIII.

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Docket #: 10-212-1      Printed: February 13, 2018

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