

STATE OF NEW HAMPSHIRE

Intra-Department Communication

DATE: October 18, 2012

AT (OFFICE): NHPUC

FROM: Jack Ruderman 
Director, Sustainable Energy Division

SUBJECT: Proposed FY '13 budgets for Renewable Energy Fund programs

TO: Chairman Amy L. Ignatius
Commissioner Michael D. Harrington
Commissioner Robert R. Scott
Debra A. Howland, Executive Director

CC: Anne Ross, General Counsel
Eunice Landry, Business Administrator

Summary:

In late June/early July the Renewable Energy Fund (REF) received alternative compliance payments (ACPs) from electric energy suppliers for calendar year 2011 in the amount of \$19,149,575. Our state FY'13 budget for the REF, however, authorizes the Commission to expend only \$5,667,120 million. This memo provides recommendations as to how these funds should be budgeted internally for state fiscal year (FY) 2013, ending June 30, 2013.

The unspent balance forward of \$2,663,090 plus the new ACP funds in the amount of \$19,149,575 minus the \$5,667,120 equals \$16,145,545. The Commission will need to submit a Budget and Expend request to the legislature's joint fiscal committee for authorization to expend any of this amount. **For an explanation of why there are unspent FY12 funds in the amount of \$2,663,090, please see Attachment A.**

As requested, a separate memo will provide recommended program budgets assuming funding levels of \$12 million and **\$21.8 million - \$19.1 million in ACP revenue plus \$2.7 million in unspent FY12 REF funds available for carry forward into FY13 with G & C approval.**

1. Allocation of funds between residential and non-residential sectors

Staff proposes that the \$5.67 million in REF funds be apportioned between residential and commercial and industrial (C&I) programs as shown below in Table 1:

TABLE 1

\$5,667,120	Portion of ACP revenue PUC authorized to spend in FY'13
(\$95,059)	FY13 Administrative costs (budgeted)
(\$25,000)	Contingencies
(\$813,790)	FY13 encumbered funds
\$4,733,271	FY13 funds available for REF program budgets
\$2,792,630	Portion available for C & I programs (59%)
\$1,940,641	Portion available for residential programs (41%)

2. REF and ARRA-funded program results for FY 2012

TABLE 2 – SUMMARY OF REF REBATE PROGRAM RESULTS FY12

Program	# of applica-tions	# rebates awarded	Rebate funds disbursed	Average rebate award
Residential PV/Wind	219	189	\$ 795,251.00	\$ 4,208.14
Residential Solar Water Heating				
REF rebate	161	157	\$ 156,400.00	\$ 996.17
ARRA rebate	118	116	\$ 232,000.00	\$ 2,000.00
Residential Wood Pellet *	88	67	\$ 369,176.00	\$ 5,510.09
C&I solar electric and solar thermal rebates	67	50	\$ 635,884.00	\$ 12,718.00

* funded solely with ARRA monies.

TABLE 3 – SUMMARY OF RFP PROGRAM RESULTS FY12

Grant Program	# of applications	# of grants awarded	Grant funds disbursed	Average grant award
C & I RFP	18	5	\$317,618	\$193,578

3. Proposed Program Budgets

Table 4 provides Staff's recommended allocation of ACP funds for FY13.

TABLE 4

REF PROGRAM	FY 13 ALLOCATIONS
Residential solar (PV)/wind	\$1,040,641
Residential solar hot water	\$450,000
Residential wood pellet boiler/furnace	\$450,000
Subtotal Residential Programs	\$1,940,641
C & I Solar (photovoltaic and solar hot water)	\$300,000
C & I RFP (competitive grant program)	\$2,492,630
Subtotal C & I Programs	\$2,792,630
Total	\$4,733,271

Conclusion: The proposed REF program budgets for FY13 will enable the Commission to continue providing a suite of rebate and grant programs to meet the renewable energy needs of customers in the residential and non-residential sectors, while also complying with all statutory and administrative rule requirements.

ATTACHMENT A

Accounting of unspent funds from FY12:

Program	Unspent FY12 funds	Unencumbered FY12 funds	Comments
Res. PV/Wind rebate program	\$186,365	\$0	Funds are committed to projects that have filed Step 1 rebate application but have not completed installation and submission of Step 2 Application.

Res. Solar hot water rebate program	\$315,150	\$12,800	Demand for this program remains strong.
C and I solar rebate program	\$785,255	\$369,919	Demand for this program has been steady but not as strong as we had expected.
C & I RFP program	\$1,682,382	\$34,360	REF competitive grants. Close to \$2 million has been awarded but grantees have billed PUC for only \$317,618 thru 6/30/12. Invoices should grow substantially over next several months, but largest project, \$500,000 to City of Lebanon for landfill gas combined heat and power system, is essentially on hold until utility interconnect upgrades are completed in fall of 2013 (projected).
Unspent FY 2012 Administrative funds	\$12,840	\$0	These unspent funds could not be re-allocated to any of the REF programs during FY12 and therefore are carried forward into FY13
Interest Earned in FY 2012	\$8,443	\$0	Interest was earned on REF funds held by the State Treasurer.
Contingency	\$112,620	\$0	Funds that were set aside for unexpected needs.
ACPs - adjustment	(5,149)	\$0	Adjustments to TransCanada and FRM ACPs. TransCanada ACP obligation was reduced due to trading in first quarter of 2012.
Encumbered RFP grant funds	(\$439,232)	\$0	These are funds that were encumbered for C & I RFP grants awarded in FY12.
Adjustment to administrative costs	\$4,415	\$4,415	Admin. budget included funds for OIT, \$4,415 of which were not expended and were then available for expenditure in FY12
Totals	\$2,663,089	\$421,494	