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STATE OF NEW HAMPSHIRE

Intra-Department Communication

DATE: August 7, 2015 **AT (OFFICE):** NHPUC

FROM: Karen Cramton, Director, Sustainable Energy Division

MEPLIC 76161598171

SUBJECT: DE 10-212

Proposal for a FY 16 Preliminary Budget for the Renewable Energy Fund

TO: Chairman Martin Honigberg

Commissioner Robert R. Scott Commissioner Kate Bailey

Debra A. Howland, Executive Director

CC: Anne Ross, General Counsel

Preliminary Renewable Energy Fund Program Allocations:

The Renewable Energy Fund (REF) is a dedicated, non-lapsing fund whose purpose is to support electrical and thermal renewable energy initiatives. In an effort to meet the needs of consumers and further enable the sustainable energy industry to continue its important work, the Sustainable Energy Division recommends the following preliminary program allocations, based on partially reconciled alternative compliance payments (ACPs) and the PUC's request to expend CY2013 REF monies, for fiscal year 2016 (July 1, 2015 through June 30, 2016):

Residential Solar Rebates	\$ 2,401,080
Solar Hot Water Rebates	\$ 50,000
Residential Biomass Rebates	\$ 325,000
Residential Sub-total	\$ 2,776,080 (40%)
C&I Solar Rebates – Category 1	\$ 1,864,119
C&I Solar Rebates – Category 2	\$ 750,000
C&I Biomass Rebates	\$ 800,000
C&I Grants	<u>\$ 750,000</u>
C&I Sub-total	\$ 4,164,119 (60%)

Program Status:

On July 20, 2015, all REF programs were held to enable Staff to reconcile ACPs and determine preliminary program allocations. Today, Staff recommends immediately resuming the following programs:

- Residential Solar Hot Water Rebates
- Residential Biomass Rebates

 Commercial &Industrial (C&I) Biomass Rebates Staff further recommends immediately resuming the Residential Electric Rebate program (solar and wind). However, based on the high demand for rebates last year, limited program funding this year, and the continuing decrease in solar prices, Staff recommends the Commission consider changes to the rebate level. Until such time as the Commission determines otherwise, the program should operate under the current terms and conditions.

Staff also recommends resuming the C&I Solar Rebate program for Category 1 (small commercial installations less than or equal to 100 kW AC or thermal equivalent) only. The C&I Solar Rebate program for Category 2 (larger C&I installations greater than 100 kW and less than or equal to 500 kW AC in size) should be closed, however, and no longer accept applications. The waitlisted applications will no longer be considered on a waitlist and applicants must re-apply when the category re- opens.

Due to limited funding, past high demand, and solar prices continuing to fall, Staff further recommends the Commission consider modifications to the C&I Solar Rebate program.

Finally, as required by statute, the Commission should issue a request for proposals to fund renewable energy projects in the nonresidential sector as soon as practicable.

STATE OF NEW HAMPSHIRE

Intra-Department Communication

DATE: August 7, 2015 **AT (OFFICE):** NHPUC

FROM: Karen Cramton, Director, Sustainable Energy Division $\sqrt[4]{}^{U}$

SUBJECT: DE 10-212

Request to Open a Docket to Consider Modifications to the Commercial and

Industrial Solar Rebate Program

TO: Chairman Martin Honigberg
Commissioner Robert R. Scott
Commissioner Kate Bailey

Debra A. Howland, Executive Director

CC: Anne Ross, General Counsel

Elizabeth Nixon, Program Manager David Wiesner, Staff Attorney

1. Summary

The Commercial and Industrial (C&I) Solar Rebate program for electric (PV) and thermal systems is experiencing very high demand at a time when the Alternative Compliance Payments (ACP) which support the Renewable Energy Fund (REF) are limited. In an effort to support as many renewable energy installations as possible with limited funding, staff recommends issuing an order of notice to consider program modifications.

2. Background

In Order No. 25,151 issued on October 1, 2010, the Commission established the C&I Solar Rebate program. According to RSA 362-F:10, VIII:

VIII. The Commission may, after notice and hearing, by order or rule, establish additional incentive or rebate programs for customer-sited thermal and renewable energy projects.

The C&I Solar rebate program established a per Watt incentive for PV installations at \$1.00 per Watt for all size installations, with a maximum incentive payment of \$50,000 or 25% of the cost of the project, whichever is less. The solar thermal rebate levels were established at \$0.07 per rated or modeled kBtu/year, capped at 25% of the cost of the facility or \$50,000, whichever is less, as a one-time incentive payment.

Through Secretarial Letter on December 18, 2012, the Commission modified the rebate program by increasing the applicant cap and eliminating the installer cap. The Commission further clarified the project maximum rebate definition.

On February 20, 2015 by Order 25,764, the Commission ordered changes to the existing incentive program for solar energy projects undertaken by commercial and industrial electric customers. The changes created two categories of eligible projects. The first category is for solar electric and thermal systems rated less than or equal to 100 kilowatts (AC) or thermal equivalent. The second is for solar electric systems greater than 100 kilowatts (AC) but less than or equal to 500 kilowatts (AC). The per kilowatt incentive amount for solar electric projects were decreased and numerous other changes to program terms and conditions were implemented.

3. Recommendation

Based on the continued broad and growing interest in the C&I solar incentive program and in consideration of assuring that there are available REF funds to support participation in the program, Staff recommends that the Commission consider, among other things, reducing the incentive payment, setting a maximum incentive and any other modifications to program terms and conditions such as applicant and installer caps.

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