

STATE OF NEW HAMPSHIRE

Intra-Department Communication

DATE: September 6, 2019

AT (OFFICE): NHPUC



FROM: Karen Cramton, Director, Sustainable Energy Division *KPC*

SUBJECT: DE 10-024, DE 10-212, DE 13-298, DE 15-302 and DE 17-172: Request for Approval of Fiscal Year 2019 Renewable Energy Fund Program Budgets

TO: Kathryn M. Bailey, Commissioner
Michael S. Giaimo, Commissioner
Debra A. Howland, Executive Director

CC: David Shulock, General Counsel

This memo requests approval to establish fiscal year 2020 (FY20) program budgets for the Renewable Energy Fund (REF) as set forth in the Funding Allocations by Program (Table 2) on page 2. Further, Staff requests approval to take the following actions:

- Close the Residential Solar Thermal Rebate Program;
- Fund current waitlisted applications in the Commercial and Industrial (C&I) Solar Rebate Program provided the application meets current program terms and conditions;
- After funding the C&I Solar Rebate Program waitlisted applications, close the program to new applications;
- Continue to accept new applications for all other programs; and
- Establish a date for a public hearing to provide stakeholders an opportunity to provide comment on Staff's recommendations.

Funding Analysis

The REF received revenues from alternative compliance payments for Renewable Portfolio Standard (RPS) compliance (calendar) year 2018 in the amount of \$2,587,724 as compared to \$5,257,583 for compliance year 2017. After adjusting for funds returned from the Site Evaluation Committee, Tri-County Community Action Agency and earned interest; and administrative costs, ACP refunds, and funds previously allocated, encumbered or committed, \$3,724,091 of "new" funding is available for programs in FY20 (July 1, 2019 through June 30, 2020).

The table below presents the statutorily required funding breakdown between the Residential and C&I sectors:

Table 1: Program Funding Allocations by Sector	
\$3,724,091	FY20 Rebate and Grant Program Funds Available
\$1,564,118	Funds allocated to Residential Sector (42%)
\$2,159,973	Funds allocated to Commercial & Industrial (non-residential) Sector (58%)

Table 2 summarizes the carry forward program funds (including reserved funds), encumbered grant funds and the allocation of new funding to the various Residential and C&I programs supported by the REF. To satisfy the program funding requirements of RSA 362-F, including the Low Moderate Income program, and to provide adequate funding to fully satisfy current waitlisted applications, Staff recommends the following program allocations:

Program Name	Carry Forward¹ Funding from Fiscal Year 2019 (FY19)	FY20 "New" Program Funding Allocations	Total FY20 Allocations Including Carry Forward from FY19
Residential Solar & Wind Rebates	\$ 612,031	\$ 667,823	\$ 1,279,854
Residential Solar Thermal Rebates	\$ 3,705	(\$3,705)	\$ -
Residential Wood Pellet Boiler/Furnace Rebates	\$ 220,308	\$ 300,000	\$ 520,308
Low-Moderate Income Grant Program²	\$ 650,000	\$ 600,000	\$ 1,250,000
Total Residential	\$ 1,486,044	\$ 1,564,118	\$ 3,050,162
C&I Solar Rebates³	\$ 2,005,763	\$19,768	\$ 2,025,531
C&I Wood Pellet Boiler/Furnace Rebates	\$ 398,333	\$390,205	\$ 788,538
C&I Competitive Grants	\$ 1,645,000	\$1,750,000	\$ 3,395,000
Total Commercial & Industrial (C&I)	\$ 4,049,096	\$ 2,159,973	\$ 6,209,069
Total Program Budget	\$ 5,535,140	\$ 3,724,091	\$ 9,259,029

Program Recommendations

Staff recommends the Residential Solar Hot Water Rebate program and the C&I Solar Rebate Program be closed to new applications. More information about each of these is provided below.

The Residential Solar Hot Water Rebate program received no applications during the past two fiscal years and there are no approved applications awaiting payment. Therefore, Staff recommends no funding be allocated for this program and no new applications be accepted in the current program year. Staff further recommends that a stakeholder session be scheduled in the spring of 2020 to consider possible program revisions.

By secretarial letter, on July 3, 2019, a waitlist was established for the C&I Solar Rebate Program and the

¹ Carry Forward funds include encumbered, reserved and unreserved FY19 funding.

² The Low-Moderate Income Grant Program will carry forward \$150,000 that was not awarded last fiscal year; therefore, this fiscal year's RFP will be issued with available funds equal to \$750,000 (i.e., \$150,000 carry forward + \$600,000 FY20 allocation).

³ Waitlisted applications currently in the queue equal \$19,768.

program was temporarily closed, and remains closed, to new applications. The Commission authorized the creation of a program waitlist to establish priority for the processing of applications when the program reopens. Staff recommends the program be opened **only** to provide funding to waitlisted applications. Staff further recommends the program remain closed to new applications. However, to provide incentives for commercial-scale solar projects, Staff recommends non-residential solar projects be eligible to submit proposals under the C&I Competitive Grant program. Please refer to C&I Competitive Grant discussion below for further details.

Staff also recommends revisions to other programs. First, Staff recommends streamlining the application process for the Residential Wood Pellet Central Boiler/Furnace rebates. In order to solicit stakeholder input on program modifications, Staff proposes to issue a memorandum in Docket No. DE 13-298 outlining specific recommendations along with a request for a public hearing in the fall.

Second, Staff recommends that the C&I Competitive Grant program accept proposals for solar projects which have certain specific characteristics, such as: 1) sited on a brownfield; 2) owned by school or municipal entity, or 3) developed as a carport or parking garage. Although currently there is no need for additional Class II (solar) RECs, Class II RECs may be used to satisfy Class I obligations and New Hampshire's Class I requirement increases by 0.9% annually.

As funding levels remain limited for renewable energy programs, Staff continues to research incentives other than rebates that will stimulate the market for renewable energy. During FY20, Staff will investigate the possibility of establishing a loan loss reserve to support a residential loan program, and will analyze the costs of providing interest rate buy-downs for customer-owned solar electric systems and bulk-fed pellet heating systems. If combined with a rebate, such a finance offering may enable moderate-income households to install solar and/or pellet whole-house heating systems. Pursuant to RSA 362-F:10, VIII, any program revisions would require notice and hearing.

Staff recommends no changes to the Residential Solar & Wind rebate and the C&I Bulk Fuel Fed Wood Pellet Central Heating System rebate programs.

Whereas Staff is recommending budget allocations, fiscal year program closures, and possible program revisions, Staff recommends that the Commission issue notice of a public hearing to receive input on Staff's budget and program closure recommendations in the near future. Technical sessions and public hearings on revisions to specific program terms and conditions will be noticed separately under specific program dockets. Staff expects those sessions be scheduled early in 2020.

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