CLEAN ENERGY NH
Your Voice in All Energy Matters

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September 4th, 2020

Ms. Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 18
Concord, New Hampshire 03301

RE: Clean Energy Fund Staff recommendation

Clean Energy NH appreciates PUC and OSI Staff efforts in preparing and putting forward a proposal for the use and allocation of the Eversource divestiture Clean Energy Fund and facilitating a stakeholder input process which is reported in their final recommendation filed on August 3rd, 2020. We also appreciate the opportunity to comment and provide additional input on proposed use of the Clean Energy Fund.

We note that the initial proposal and all stakeholder input occurred in early 2020 pre COVID-19 pandemic. The pandemic has had profound impact on the economy including the clean energy industry in NH. The economic downturn associated with the pandemic has only heightened our concerns that access to financing is not the primary barrier to the deployment of clean energy solutions and that there will be a lack of demand for the loan loss reserve and interest rate buy-down financing products proposed by Staff. During this challenging economic time we think that direct investment would have a much more positive and immediate effect in catalyzing clean energy and associated local economic benefits.

CENH does support the proposed $750,000 for residential on-bill financing and the $750,000 for commercial scale energy storage charged by solar incentive. We would like to encourage the addition of air source heat pumps as an eligible technology for the on-bill financing option.

Though access to financing can be a barrier to the implementation of certain energy efficiency and clean energy projects, in our experience working closely with those industries in NH it is not in most cases the primary barrier. We are concerned that if the Clean Energy Fund were to be used as proposed that a significant amount of the fund may go unused. This would eliminate or severely reduce any benefit envisioned by the creation of the Clean Energy Fund.

During stakeholder discussions there was a robust discussion and I believe agreement among the parties that if the funds are put into the financing option there should be reporting and oversight that includes stakeholders such as CENH and that there should be a mechanism establish to reinvest the funds into another use if there is a lack of demand for the funds in loan loss reserve. This was not captured in Staff's recommendation and we feel strongly that such oversight, reporting, and modification mechanism must be established.

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Though we are already well over 2 years since these funds have been available and the last we want is further delay in putting the funds to good use, we encourage the Commission to hold a public comment hearing so that interested stakeholders can provide input on the proposal submitted by Staff because there has been no opportunity respond to the proposal, the proposal was not shared or communicated with those who participated in the stakeholder process, and all input was provided pre-pandemic so updated perspectives informed by the current economic context may prove useful.

Finally, I also share with you a letter previously filed as comment in this docket as an attachment to our comments from Kevin Porter who is a CENH board member and has professional experience in clean energy financing. These remarks are still relevant to the updated proposal made by Staff and should be considered in evaluating the final proposal.

Thank you for considering our input on this important matter.
Sincerely,

Madeleine Mineau
Executive Director
Clean Energy NH

DE 14-238
DE 11-250

December 18, 2019

New Hampshire Public Utilities Commission
Executive Director
21 South Fruit Street
Concord, NH 03301

Dear Ms. Howland:

I am writing to provide comments on the Joint Proposal for Use of the Clean Energy Fund dated November 7, 2019. I appreciate and agree with the intention to draw in private capital, but as proposed I believe the approach of using the Fund solely for loan loss reserve (LLR) and interest rate buy downs (IRBs) will not be effective, particularly as it relates to the single-family market.

For four years I worked as Vice President of Lending for Connecticut Housing Investment Fund, (now known as Capital for Change) managing several single- and multi-family energy efficiency financing programs, including the statewide residential on-bill financing program with the two investor-owned utilities in the state. Based on this experience, there are two fundamental problems with the proposed used of the Fund: 1) this approach is unlikely to get local banks and credit unions to enter into the energy efficiency lending space in any meaningful way; and 2) low- and moderate-income (LMI) households are unlikely to benefit from such an approach.

Energy efficiency is simply not a business line that traditional lenders are familiar with. Further, given the relatively small size of the loans and the programmatic due diligence piece of these activities, they are usually not very profitable. Lastly, it is cumbersome and time consuming to provide a LLR or IRB on a transaction-by-transaction basis, both for the Fund and the receiving institution. As an alternative mechanism to draw in private capital to the Fund, once a certain number of loans (i.e. 100) have been originated (using the Fund as direct lending capital), these loans can then be used to secure a credit facility from a local commercial bank to provide liquidity for new loans. This is not a complex securitization, but rather a simple commercial loans backed by the existing loans and their repayment streams, where non-performing loans are replaced with performing loans. This has been completed successfully in Connecticut with low transaction costs.

On the issue of LMI households, banks' and credit unions' regulatory requirements and their own lending policies will not allow lending to borrowers without documented ability to repay, regardless of there being a credit enhancement in place. Alternative underwriting, such as by using utility payment history or projected energy cost savings are two ways that can improve reaching LMI households. However it is unlikely that regulated institutions could use such underwriting in their credit decisions.

Using the Fund for direct lending capital, ideally as part of a statewide effort where the three other major utilities coordinate the financing offerings available to their customers, would be much more impactful than focusing on credit enhancements. While the Fund is exclusively for Eversource customers, the other utilities could use alternate sources of capital. Standardization and consistency are critical to reducing consumer confusion and increasing uptake. Using the opportunity of the newly available Fund to create a more systematic approach to energy efficiency financing in NH could be tremendously beneficial.

I care deeply about New Hampshire and the energy future of our state, and I appreciate the opportunity to provide comments. I wish you success in developing the Fund.

Respectfully,

Kevin Porter
Concord, NH