

STATE OF NEW HAMPSHIRE

Intra-Department Communication

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DATE: October 5, 2017

AT (OFFICE): NHPUC

FROM: Deandra Perruccio, Energy Analyst *DP*

SUBJECT: DE 15-302 Residential Renewable Electric Rebate Program
Recommendations for Program Modifications

TO: Martin P. Honigberg, Chairman
Kathryn M. Bailey, Commissioner
Michael S. Giaimo, Commissioner
Debra A. Howland, Executive Director and Secretary

CC: Karen Cramton, Director, Sustainable Energy Division *KRC*
David K. Wiesner, Staff Attorney

Recommendation Summary

Staff recommends certain modifications to the residential renewable electric generation facility incentive program (Program), including a reduction in the amount of the rebate to \$0.30 per watt with a maximum rebate of \$1,500 per applicant. In light of the reduced rebate amount, Staff also recommends simplifying the application process. Staff further recommends reducing the reservation time-period from 12 months to 9 months, retaining rebate eligibility for all installed systems meeting the Program criteria, and implementing a well-defined Program transition process.

Program Background

The Commission approved initiation of the Program under RSA 362-F:10, V in 2009 in Docket DE 09-054, and established a two-step application process, approving the forms required to be submitted in each step of the process. *See* Order No. 25,020 (October 2, 2009). The Commission subsequently reduced the incentive payment levels several times, most recently in 2015, when the incentive was reduced to \$0.50 per watt up to a maximum of \$2,500, or 30% of the total system cost, whichever is less. *See* Order No. 25,813 (September 18, 2015).

Pursuant to the recent enactment of Senate Bill 129, 2017 N.H. Laws Chapter 226, the 10 kW capacity size limitation on renewable energy projects eligible for the Program has been eliminated.

Rebate Funding Availability

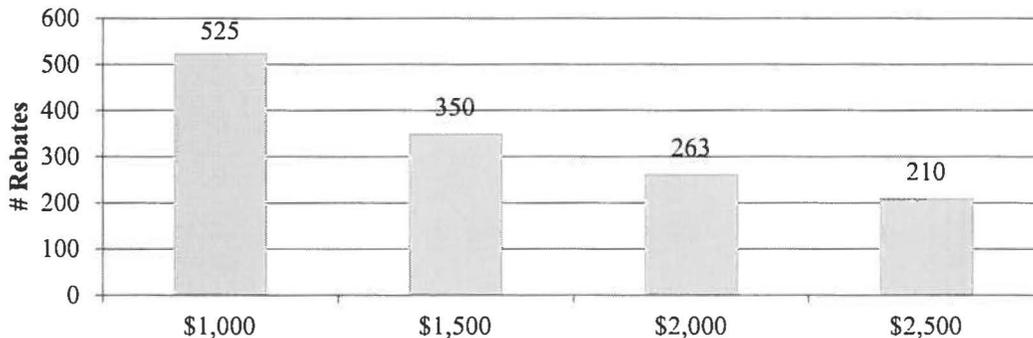
The Renewable Energy Fund revenues for fiscal year 2018 (FY18) are approximately \$3.6 million. The Program funding allocation of \$846,546 was approved by the Commission in a secretarial letter issued on September 20, 2017. That Program funding allocation allows all waitlisted applications to be funded under current Program terms and conditions. The waitlisted project applications total approximately \$600,000 leaving an unallocated balance equal to approximately \$250,000. The Commission therefore opened the Program only for waitlisted applications, while keeping it closed to new applicants.

Staff has monitored the Program for expired applications and to date has released approximately \$275,000 in funding previously reserved for now-expired rebate applications. After accounting for both demand from the fiscal year 2017 waitlist, and the release of funding under expired reservations, the predicted available funding for new applications during FY18 is approximately \$525,000.

Incentive Level Analysis and Recommended Reduction

The current Program incentive level is \$0.50 per watt up to a maximum of \$2,500. Based on available funding, Program demand, and projected market conditions, Staff recommends that another reduction in the Program incentive level be approved. For illustrative purposes, under the FY18 Program budget, the number of potential rebates available to new applicants at various rebate levels is shown in Figure 1:

Figure 1: Estimated FY18 Number of Rebates by Rebate Level

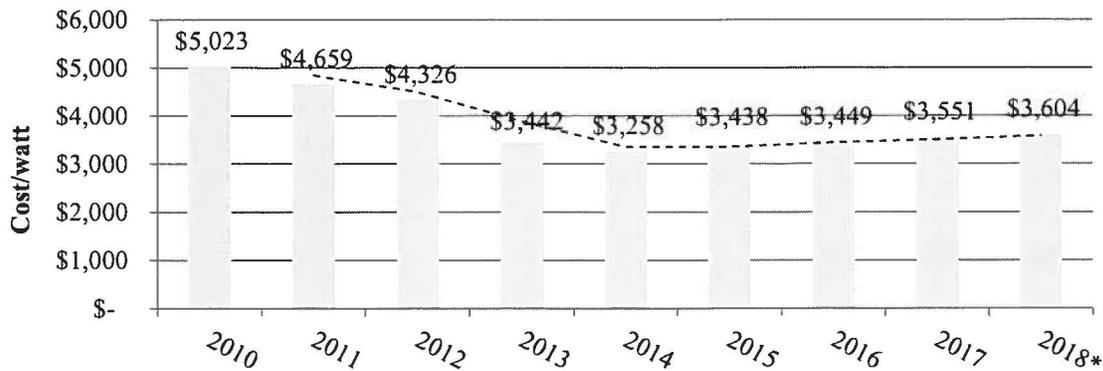


Staff continues to support the need for a meaningful rebate level because, while the cost of solar installations has gone down over time, recent changes to the net metering tariff, below historic average Renewable Energy Certificate market prices, and potential system cost increases due to solar panel import restrictions may increase the system payback period beyond historical payback periods for residential solar energy systems.

Staff recommends a reduction in the rebate amount to \$0.30 watt with a cap of \$1,500. As shown in Figure 2, the recommended incentive per watt level would result in an “average system cost per watt with rebate” which is in-line with near-term historical

costs, while increasing the total number of rebates available as compared to higher incentive level alternatives.

Figure 2: Average System Cost/Watt with Rebate



* 2018 'System Cost/Watt with Rebate' estimated using \$1,500 rebate limit and FY2017 system costs/watt data.

Application Process Simplification

To reduce the administrative burden associated with Program incentive applications, Staff recommends that the following changes to the program application process be approved and implanted:

- a. Remove notarization requirement for both Step 1 and Step 2 applications.
- b. Step 1 Application Changes:
 - i. Remove Step 1 requirement to list panel and inverter types;
 - ii. Require certification that all parts will be UL-certified;
 - iii. Remove Step 1 requirement to list number of panel calculation; require only anticipated total kW DC and AC capacity;
 - iv. Remove Step 1 requirement to list electrician information; require certification that system will be installed by a state-licensed electrician and inspected by a state-licensed electrician or town building inspector;
 - v. Change Total Solar Resource Fraction (TSRF) calculation and shading analysis requirement to certification by applicant and installer (unless self-installed) that shading analysis and TSRF was performed and reviewed with the applicant.
- c. Step 2 Application Changes:
 - i. Remove requirement for documentation of UL certification for system components; require only self-certification of system component UL compliance; and

- ii. Remove proof of inspection requirement; require self-certification of passed inspection with potential for system audits.

Reservation Application Expiration Timeline

Staff recommends changing the expiration date for Program fund reservations from 12 months to 9 months following the date of Step 1 approval. In Staff's view, providing applicants a full 9 months to install and interconnect approved projects appropriately recognizes the seasonality of the solar energy system installation industry, while potentially increasing the availability of unused (expired) Program funding reservations.

Program Eligibility Dates

RSA 362-F:10, V requires that the Program incentive be made available to all residential system owners who have installed a system after July 1, 2008 and have not yet taken advantage of the one-time program incentive.

Staff therefore recommends that all residential system owners meeting the modified Program eligibility requirements have the opportunity to submit applications upon re-opening of the Program, including for those systems installed during the time period following June 30, 2017 when the Program was closed to new applications.

Program Transition Provisions

Staff recommends that the Program modifications become effective on a specified future date in order to allow enough time for the Step 1 and Step 2 application forms to be revised, as well as to ensure that applicants will have sufficient time to gather and submit the required information.

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

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:

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b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.

c) Serve a written copy on each person on the service list not able to receive electronic mail.

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