

**STATE OF NEW HAMPSHIRE
Intra-Department Communication**

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DATE: February 15, 2018
AT (OFFICE): NHPUC

FROM: Karen P. Cramton, Director, Sustainable Energy Division ✓^{PU}

SUBJECT: DE 17-172 Development of Renewable Energy Fund Program for Low and Moderate Income Residential Customers Required by the Passage of Senate Bill 129 of 2017

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

CC: Stephen Eckberg, Utility Analyst
Tanya Wayland, Utility Analyst
David K. Wiesner, Staff Attorney

Recommendation Summary

Staff recommends utilizing a Request for Proposals (RFP) process to accept competitive proposals for projects that would provide direct benefits to low and moderate income (LMI) residential electric customers, as the means of meeting the statutory requirements imposed by the enactment of 2017 Senate Bill 129 (SB 129). RFP respondents would be required to present a comprehensive project plan clearly demonstrating and quantifying the direct benefits to be provided to LMI participants, while meeting other specified technical requirements. The RFP would be open to LMI customer-owned and third party-owned community solar photovoltaic (PV) projects that provide direct benefits to a minimum of five LMI participants within the same electric distribution utility service territory. If the proposed project also provides benefits to non-LMI participants, the majority of the participants served must meet LMI eligibility criteria, defined consistent with the statute as residents with household income at or below 300 percent of the federal poverty guidelines (FPG). Proposed projects may utilize group net metering, and at least one project in each regulated distribution utility service territory may be eligible for on-bill virtual net metering consistent with the provisions of SB 129.

Evaluation of the proposals would heavily weight the quantified direct benefits to LMI participants while also considering project readiness, project replicability, and short-term and long-term administrative costs, as well as other relevant criteria. Based on SB 129, proposals including the financing or leveraging of financing for low-moderate income community solar projects located in or otherwise serving resident-owned manufactured housing communities or affordable multi-family rental housing will receive a scoring preference.

The fiscal year 2018 LMI program budget is \$405,000. Staff recommends that the RFP require a minimum request of \$50,000 and set a maximum request of \$200,000. Recommendations regarding specific RFP criteria, scoring and timing are discussed below under the “Recommendation Details” header and are presented in more detail in Attachment A. Staff recommends that a public hearing be scheduled so stakeholders have an opportunity to provide comment on the proposed LMI program.

Statutory and Procedural Background

Under SB 129, enacted as 2017 N.H. Laws Chapter 226, the Commission is required to develop program(s) for low and moderate income residential customers. In particular, SB 129 specifies further parameters for development of LMI programs, including the following:

- “[N]o less than 15 percent of the [Renewable Energy Fund] shall annually benefit low-moderate income residential customers, including, but not limited to, the financing or leveraging of financing for low-moderate income community solar projects in manufactured housing communities or in multi-family rental housing.”
- “Low-moderate income community solar project” means ground-mounted or rooftop solar arrays that directly benefit a group of at least 5 residential end-user customers, where at least a majority of the residential end-user customers are at or below 300 percent of the federal poverty guidelines.”
- “Each group member of a group host for a low-moderate income community solar project, as defined in RSA 362-F:2, X-a, may receive credits on the customer electric bill for each member and the host, provided that there shall be only one new project under this paragraph in each utility's service territory by December 31, 2019 with such projects available on a first-come, first-served basis.”

Through issuance of a secretarial letter dated September 20, 2017, the Commission approved the allocation of \$405,000 to the LMI program for fiscal year 2018.

On November 3, 2017, the Commission opened Docket DE 17-172 to develop, review, and approve program(s) designed to meet SB 129 requirements, and directed that initial efforts to develop such programs be undertaken concurrently with the low and moderate income working group sessions in the net metering docket, DE 16-576. Joint working group sessions were held on November 15, 2017, January 3, 2018, and January 29, 2018 to discuss relevant issues and receive stakeholder input.

Pursuant to RSA 362-F:10, 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” to be supported by the Renewable Energy Fund. The proposed LMI RFP program would be considered and approved under that statutory provision.

Recommendation Details

RFP Criteria

To ensure limited program funding is providing maximum benefits to LMI customers, Staff recommends issuance of an RFP seeking new ground-mounted or rooftop community solar projects that will provide direct benefits to a minimum of five LMI residential electric customers and where at least the majority of participants must be LMI. LMI is defined consistent with SB 129 as end-use customers with income at or below 300 percent of the FPG. The RFP would be open to resident-owned and third party-owned community solar PV projects. The proposed project may not also request funding from the Commercial and Industrial Renewable Energy Rebate Program or the Residential Renewable Electric Generation Incentive Program.

A more detailed outline of the specific elements of the proposed RFP is set forth in Attachment A to this memorandum.

Proposals submitted in response to the RFP must address potential project challenges, as discussed during stakeholder working group sessions, such as LMI participant recruitment, initial and ongoing income verification, subscription management, and long-term system operations and maintenance, and describe viable solutions addressing those potential challenges.

Projects that are awarded funds will be required to submit an annual report to the Commission, to include the number of LMI participants and non-LMI participants and the quantified direct benefits provided to LMI participants during the preceding calendar year.

Staff believes that the recommended RFP process would allow for the review and evaluation of multiple project models and potentially enable Staff to implement a non-RFP LMI program in the future. Funding multiple projects, potentially with different implementation models, would provide greater visibility into various approaches for addressing project challenges such as those described above.

RFP Proposal Scoring

The RFP process would enable Staff to award limited available funds to projects providing the greatest direct benefits to LMI residents. Proposals would be evaluated based on scoring criteria to include the following: direct benefits provided to each LMI participant; project readiness; administrative costs for initial and ongoing income verification and participant subscription management; long-term operations and maintenance costs; project replicability; project cost per kW; and leveraging of program funds. Projects located in or otherwise serving affordable multi-family rental housing or resident-owned manufactured housing communities (ROCs) would be provided a scoring preference based on their ability to “naturally” and inexpensively overcome several identified project challenges, such as administrative costs to the utilities, initial and ongoing income verification, and customer subscription management.

RFP Timeline

With the limited program funding available, a competitive RFP process could be completed by the end of the current fiscal year and should minimize program administrative costs. Staff proposes that the RFP be issued in March 2018, with responses due three weeks after the RFP is released. Proposal review, scoring, and selection of winners, and contract development, would take place during the following four to six week period. Target dates for final contract approval include the June 6th Governor and Executive Council meeting. Staff anticipates that project development and interconnection would likely occur by the end of calendar year 2018; however, the contract term would run through State fiscal year 2019 in order to allow for potential project delays or other complications.

Staff recommends that a public comment hearing be scheduled as soon as possible to provide interested parties an opportunity to provide input regarding Staff's recommendations, consistent with RSA 362-F:10, VIII.

DE 17-172 Staff Memorandum Attachment A

Low and Moderate Income (LMI) Community Solar Competitive RFP Program

Program Description

Competitive request for proposals (RFP) program seeking new ground-mounted or rooftop community solar photovoltaic (PV) projects that will provide direct benefits to low and moderate income (LMI) residential electric customers. The RFP is open to various resident-owned or third party-owned community solar PV projects, including those located in or otherwise serving affordable multi-family rental housing or resident-owned manufactured housing communities.

RFP respondents must propose projects that provide direct benefits to a minimum of five LMI participants. If the proposed project also includes non-LMI participants, then the majority of the participants served must meet LMI criteria, defined consistent with statute as those with income “at or below 300 percent of the Federal poverty guidelines.”

Program Budget

- Fiscal year 2018 Budget: \$405,000
- Minimum grant amount of \$50,000.
- Maximum grant amount of \$200,000.

Schedule

- March 2018 RFP issued by Commission
- April 2018 - Responses due (3 weeks after RFP is issued)
- May 2018 –Proposal Review and Evaluation, Selection and Contract Development
- June 2018 – Governor and Executive Council for Contract Approval
- June 2018 - June 30, 2019 – Project Development and Interconnection

Required Elements of Submitted Proposals

The following information must be provided in the submitted proposal:

- Executive Summary:
 - Overview of Project Model
 - Direct benefits to be provided to LMI and non-LMI participants
 - Number of LMI participants receiving direct benefits
 - Number of non-LMI participants receiving direct benefits
 - Project development timeline and costs
- System Information:
 - Identify and describe site location and installation plan
 - System Size (kW_{AC} and kW_{DC})

- Equipment (i.e., inverters, panels, racking, monitoring)
 - Solar Site Survey, including a solar shading analysis and estimated annual production (minimum 80% of optimal required)
 - Project Developer, years of experience, community solar development experience
 - Solar Installation Company, years of experience, community solar development experience
 - Electrician (must be NH-licensed)
 - Labor and Product Warranties
 - minimum of 5 years labor warranty is required
 - Operations and Maintenance – description of short-term and long-term system operation, maintenance, and monitoring arrangements, including any associated costs
 - System Costs, including all necessary permitting, equipment, materials, labor, etc.
 - Timeline for project construction, installation, and interconnection
- Ownership Model:
 - Identify System Owner
 - Identify Site Owner, if different
 - Lease agreement or easement if applicable
 - Power Purchase Agreement (PPA), if applicable
 - Group Net Metering (GNM) arrangement, if applicable
 - Virtual Net Metering (VNM) requirement for project model, if applicable
 - Advantages and disadvantages, if any, of proposed ownership model
 - If system is not owned by the community, then will the system be sold? If so, then when and to whom will sale occur?
 - Describe Ownership of RECs
 - Note that the system *must* apply for REC certification in NH
- Funding and Financing:
 - Grant amount being requested
 - Funding from other government entities (federal, state, county, and municipal), if applicable
 - Funding from non-profit or for-profit entities, if applicable
 - Funding from private investors, if applicable
 - Funding from community solar participants (both LMI and/or non-LMI), if applicable
 - Financing through loans or bonds, if applicable
 - Identify lending institution(s)
 - Interest rate and term must be described
 - Use of ITC or other tax incentives, if applicable
- Direct Benefits and Costs to LMI Participants:
 - List total number of LMI participants and non-LMI participants
 - Describe any initial joining/subscription fees (fee amount must be specified)
 - Describe any ongoing subscription fees (i.e., amount, frequency, and term)
 - Describe all costs to LMI participants

- Describe all benefits to LMI participants
- Describe how the benefits will be provided to the LMI participants (e.g., through on-bill credits/VNM, GNM, rental payment reduction, association dues reduction, etc.)
 - Estimated monthly direct electric bill impact (kWh), if applicable
 - Estimated monthly benefit per LMI participant (\$ and/or kWh; if based on kWh, then provide an assumed per \$/kWh value)
- Direct Benefits and Costs to Non-LMI Participants (if applicable):
 - Describe any initial joining/subscription fees (fee amount must be specified)
 - Describe any ongoing subscription fees (i.e., amount, frequency, and term)
 - Describe all costs to non-LMI participants
 - Describe all benefits to non-LMI participants
 - Describe how the benefits would be provided to the non-LMI participants
- Participant Communications:
 - Participant Recruitment
 - Method of recruitment for LMI and non-LMI participants
 - Income verification – describe method and cost of initial income verification for LMI participants
 - Ongoing management of participant relationships (both LMI and non-LMI)
 - LMI status re-verification
 - Annual income verification method and cost
 - Process for handling new and/or replacement participants
 - Process for handling participants that move, sell home, etc.
 - Participant Education and Outreach
 - Communications with participants (both ongoing and responsive)

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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.

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