Institute for Energy and the Environment

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Ms. Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-7319

NHPUC 5FEB'20PM4:12

**RE: DRM 19-158 - PUC 900 Net Metering Rule Making**

Dear Ms. Howland:

Thank you for the opportunity to provide written comments on the Draft Final Proposal for further amendments to the Puc 900 net metering rules, distributed by Commission Staff on January 9, 2020. The Energy Clinic at Vermont Law School's comments relate specifically to the amendments implementing Senate Bill 165 (2019) with respect to the additional net metering compensation for "low-moderate income community solar projects."

The Energy Clinic works with low-moderate income ("LMI") communities in New Hampshire to identify renewable energy opportunities and provide pro bono legal and technical assistance to implement LMI community solar projects. These communities would not be able to take advantage of renewable energy programs such as net metering without additional financial and technical assistance. The LMI adder authorized by Senate Bill 165 is an important step toward a more equitable distribution of renewable energy opportunities in New Hampshire.

The Energy Clinic supports the Staff's recommended Puc 909.13 giving effect to the LMI adder, including related amendments to the definition of "Affordable Housing Project" at Puc 902.01. The Staff have drafted a rule that maximizes the financial benefits to LMI customers in a commercially feasible and administratively workable way. In particular, we support Puc 909.13(h), which requires the project host to allocate to the project's low-moderate income members no less than 12 percent of the project's total credits.

This compensation structure (referred to in the stakeholder process as the "combined credit" allocation method) has a number of significant benefits over a prior alternative structure discussed during the stakeholder process (referred to throughout the stakeholder session as the "two-bucket" allocation method). Under the "two-bucket" allocation method, the net metering credits for LMI projects would be split into two credit buckets – one bucket for the base net metering rate and one bucket for the LMI Adder. The project host would be required to allocate at least 50% of the LMI adder credits to the project's LMI participants. The host and other non-

LMI project participants (if any) would be entitled to receive the remaining 50% of the LMI adder credits and up to 100% of the base net metering rate credits.

The "two-bucket" allocation method raises a number of concerns. First, during the stakeholder process, participating utilities noted that this "two-bucket" allocation method would be difficult to implement for billing purposes, requiring complicated manual calculations and annual "true ups." The combined credit allocation method with a 12% minimum LMI allocation as set out in Puc 909.13(h) of the Draft Final Proposal is administratively simpler for utilities. It will reduce the burden of calculating and allocating two different rates and this will reduce the cost of implementing the billing, in turn saves ratepayers money.

In addition, the "two-bucket" allocation method unfairly disadvantages LMI participants. The LMI adder is variable in nature, decreasing from 3¢/kWh to 2.5¢ in 2021. By contrast, the base net metering rate correlates with electricity rates, which generally rise in value over time. Making a rule that gives the LMI participants the part of the credit that loses value while allowing other members to reap the more valuable credit that rises in value over time disadvantages LMI customers relative to their non-LMI counterparts and seems counter to the spirit of Senate Bill 165.

Low-moderate income projects supported by the LMI adder should benefit low-moderate income customers in a meaningful way. The combined credit allocation method with a minimum LMI allocation of 12% provides a more equitable allocation method than the "two-bucket" proposal without significant financial detriment to the development community. A minimum LMI allocation of 12% ensures LMI customers get to share the benefit of increasing rates over time, providing a more meaningful offset to rising electricity costs, rather than exposing LMI customers to the risk of the LMI adder decreasing or even being eliminated over time.

Table 1 compares the outcomes at the 2.5¢ adder rate in which the LMI members as a group receive a 20% gain from this combined credit method at 12% while an overall "loss" to the host (or developer) is just over 2% of its net revenue as compared to the "two bucket" allocation method. This assumes a net metering rate of 10¢ per kilowatt-hour with the adder which is roughly in line with net metering rates for projects 100kW and smaller. We strongly advocate for a credit allocation method that protects and benefits the LMI customers. This allocation method will make a significant difference to the LMI communities that Senate Bill 165 was intended to benefit, while making very little difference to the host developer's bottom line.

*Table 1*

| LMI Adder | Total $ to LMI at 12% Combined Credit | Total $ to LMI - "Two Bucket" Proposal | Total $ to host at 88% Combined Credit | Total $ to host - "Two Bucket" Proposal |
|---|---|---|---|---|
| 3¢ | $1560 | $1500 | $11,440 | $11,500 |
| 2.5¢ | $1500 | $1250 | $11,000 | $11,250 |

In addition to the above comments relating to Puc 909.13, the Energy Clinic supports the Office of Consumer Advocate's comments proposed language at Puc 904.02(e) providing a simplified process for determining interconnection costs for LMI projects.

The Energy Clinic appreciates the opportunity to participate in this rulemaking and the Commissioners' consideration of these comments. Please do not hesitate to reach out to me if you have any questions concerning our comments; we are happy to provide further information and clarifications.

Submitted respectfully,

JOliver

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