

STATE OF NEW HAMPSHIRE

Intra-Department Communication

DATE: September 19, 2017

AT (OFFICE): NHPUC

FROM: Karen Cramton, Director, Sustainable Energy Division

SUBJECT: DE 10-024, DE 10-212, DE 13-298 and DE 15-302: Request for Approval of Fiscal Year 2018 Renewable Energy Fund Program Budgets

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

CC: Anne Ross, General Counsel

This memo requests approval to establish fiscal year 2018 (FY18) program budgets for the Renewable Energy Fund (REF) as set forth in the Funding Allocations by Program Table on page 2. Further, Staff requests approval to take the following program actions:

- Reopen the Residential Solar & Wind Rebate program to only current waitlisted applications;
- Invite public comment on modifying the rebate level and other program terms and conditions of the Residential Solar & Wind Rebate program;
- Reopen the Commercial and Industrial Solar Rebate program (Category 1 and Category 2) to only current waitlisted applications.

Analysis

The table below summarizes the REF balance and program funding available for FY18 (July 1, 2017 through June 30, 2018), net of administrative costs and funds previously encumbered or committed:

| Program Funding Analysis | |
|--------------------------|----------------------------------------------------------------------------------------------|
| \$9,721,833 | Renewable Energy Fund Balance as of June 30, 2017 |
| \$2,418,047 | Calendar Year 2016 (CY16) Alternative Compliance Payments (ACP) received in FY17 |
| \$1,215,733 | CY16 ACP received in FY18 |
| \$96,849 | Interest Earned - May, 2012 through June, 2017 |
| \$13,452,462 | FY18 Beginning REF Balance |
| (\$44,527) | ACP Compliance Adjustments |
| (\$8,744,819) | Rebate and Grant Program Funds Encumbered or Committed in Prior Fiscal Years |
| \$3,768,282 | FY18 Rebate and Grant Funds Available (Adjusted for Administrative Costs¹) |

¹ FY 18 administrative costs were estimated during the State Biennium Budget process and include, e.g., personnel, consultants, and membership dues.

The table below summarizes the carry forward program funds and the statutorily required funding breakdown between the residential and Commercial & Industrial (C&I) sectors:

| Program Funding Allocations by Sector | |
|----------------------------------------------|---------------------------------------------------------------------------|
| \$3,768,282 | FY18 Rebate and Grant Funds Available |
| (\$290,559) | Carry Forward Unreserved Funds from Fiscal Year 2017 |
| \$3,477,723 | FY18 Adjusted New Funding Available for Grant and Rebate Programs |
| \$1,425,866 | Funds allocated to Residential Sector (41%) |
| \$2,051,857 | Funds allocated to Commercial & Industrial (non-residential) Sector (59%) |

To satisfy the program funding requirements of RSA 362-F, including the addition of a Low Moderate Income program, and to provide adequate funding to fully fund current waitlisted applications, Staff recommends the following program allocations:

| Funding Allocations by Program | | |
|----------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Program Name | Fiscal Year 2018 New Program Funding Allocations | Total Allocations Including Carry Forward from Fiscal Year 2017 |
| Residential Solar & Wind Rebates | \$844,816 | \$846,546 |
| Residential Solar Thermal Rebates | \$4,200 | \$15,000 |
| Residential Wood Pellet Boiler/Furnace Rebates | \$171,850 | \$300,000 |
| Low Moderate Income Program | \$405,000 | \$405,000 |
| Total Residential | \$1,425,866 | \$1,566,546 |
| | | |
| C&I Solar Rebates - Category 1 | \$468,308 | \$492,976 |
| C&I Solar Rebates - Category 2 | \$453,519 | \$497,934 |
| C&I Wood Pellet Boiler/Furnace Rebates | \$330,030 | \$410,825 |
| C&I Competitive Grants (FY18) | \$800,000 | \$800,000 |
| Total Commercial & Industrial (C&I) | \$2,051,857 | \$2,201,736 |
| | | |
| Total Program Budget | \$3,477,723 | \$3,768,282 |

Residential Solar & Wind Rebate Program

The funding allocation for the Residential Solar & Wind Rebate program allows all waitlisted applications to be funded under current program terms and conditions. The waitlist totals approximately \$600,000 leaving an unallocated balance equal to approximately \$250,000. Staff recommends that the

Commission reopen the Residential Solar & Wind Rebate program to accommodate waitlisted applications, but keep the program closed to new applicants.

Further, with a current maximum rebate per residential installation equal to \$2,500, this fiscal year's program unallocated balance would only incentivize approximately 100 new residential installations. To maximize the benefits of this limited funding, Staff recommends that the Commission consider changes to the rebate level and other program terms and conditions. Staff proposes that the Commission schedule a public comment hearing, the purpose of which would be to better understand market conditions and determine if program terms and conditions should be modified prior to reopening the program to new applicants. To expedite the procedure, Staff will develop recommendations for program revisions prior to the hearing. Staff will continue to monitor the program for expired applications and will provide updated available funding estimates prior to or during the hearing.

Commercial and Industrial Solar Rebate Programs

The funding allocation for the C&I Solar Rebate Program allows only waitlisted Category 1 and Category 2 applications to be funded under current program terms and conditions. The waitlist for the program is \$990,231. Assuming all waitlisted applications are approved, fiscal year funding will be fully allocated. Staff therefore recommends that the Commission reopen the C&I Solar Rebate Program to accommodate administration of waitlisted applications, but keep the program closed to new applicants. Staff will continue to monitor the program for expired applications. Given there will most likely be no uncommitted funds in the near term, Staff recommends that the Commission not initiate a process to consider changes in program terms and conditions at this time. Staff anticipates a discussion regarding program revisions may be more appropriate in early 2018.

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