

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 10-194

RESIDENTIAL RENEWABLE ENERGY GENERATION INCENTIVE PROGRAM

**Modification of Incentive Payment for
Small Residential Renewable Generation Facilities**

ORDER OF NOTICE

On October 2, 2009, the Commission issued Order No. 25,020, which established a process whereby qualified owners of small residential renewable generation facilities could apply for incentive payments established by HB1628 in 2008, codified as RSA 362-F:10, V. This statute requires the Commission to provide a one-time incentive payment to a residential owner of a small renewable photovoltaic (PV) or wind electrical generation facility of \$3.00 per watt of generation capacity, up to a maximum payment of \$6,000 or 50% of the system's costs, whichever is less. In Order No. 25,020, the Commission approved a two-step process for applicants to use in applying for the incentive payment. The incentive payments are funded through the Renewable Energy Fund (REF), which is supported by alternative compliance payments (ACPs) made by electric service providers who cannot meet their Renewable Portfolio Standard (RPS) obligations through the purchase of Renewable Energy Certificates (RECs).

During the 2010 legislative session, the New Hampshire General Court approved legislation (HB 1270) that amended the process to be used by the Commission to modify the small residential renewable facility incentive program. As originally enacted, RSA 362-F:10, IX authorized the Commission to modify the small residential renewable facility incentive program after December 31, 2010 for good cause. HB 1270 repealed RSA 362-F:10, IX and inserted in its place the following language: "For good cause, the commission may, after notice and hearing,

by order or rule, modify the program, including reducing the incentive level, created under RSA 362-F:10, V.” HB 1270 was signed into law and became effective on July 6, 2010 (2010 N.H. Laws Ch. 254).

Alternative compliance payments (ACPs) for calendar years 2008 and 2009 were \$4.48 million and \$1.3 million, respectively, resulting in a total deposit of \$5.78 million into the REF. As of July 2010, approximately \$2 million of the \$5.78 million was paid or reserved as incentive payments for qualifying small residential PV and wind facilities. In addition to the funding already obligated for small residential renewable system incentive payments, the Commission allocated \$500,000 to a residential solar thermal incentive program, \$1 million to a commercial and industrial incentive program, and budgeted program administration expenses of \$379,000 and \$362,000 for fiscal years 2010 and 2011, respectively. *See*, Order No. 25,092 (April 21, 2010). This leaves the REF with an uncommitted balance of approximately \$1.5 million. Given that the small residential renewable incentive program experiences an average of 20 incentive applications per month, totaling an average of \$121,800 per month in incentive payments, or, \$1.5 million annually, and assuming this rate of participation will continue at that level, the fund could be exhausted by this program before the end of fiscal year 2011 and would likely exceed the portion of funding that should go to residential programs pursuant to RSA 362-F:10, VI and RSA 362-F:10, X unless the Commission takes action to reduce the incentive levels or close the program at some point. Accordingly, good cause may exist to support a modification of the incentive payment for small residential renewable generation facilities.

RSA 362-F:10, X enacted from the passage of HB 1270 instructed the Commission, beginning July 1, 2010, to reasonably balance overall expenditures from the REF between residential and non-residential sectors based on the proportion of electricity sold at retail to each

sector. In addition, the newly amended RSA 362-F:10, VI now limits overall funding for this program “to a maximum aggregate payment of 40 percent of the fund over each 2-year period commencing July 1, 2010.”

Based on these factors, the Commission proposes to halve the incentive payment to \$1.50 per watt and the per-system maximum to \$3,000 for small residential electrical renewable energy facilities. Lowering the incentive payment and per-facility maximum amount will allow for the same number of systems that are currently processed for rebates to be eligible for incentives, thus providing continued business for installers of small residential renewable generation systems. A hearing is scheduled for September 1, 2010 to take public comment on the proposed modification. Written comment will be accepted until September 7, 2010.

The filing raises, inter alia, issues related to whether the proposed reduction in the residential renewable facility incentive payment is consistent with RSA 362-F:10, IX; whether it is appropriate to reduce the incentive payment to avoid disruption of funding for the C&I and other REF-funded programs; whether the reduced incentive would constitute a significant deterrent to the installation of residential renewable facilities; and whether the reduction is just and reasonable and in the public interest.

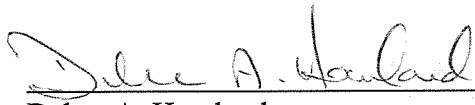
Based upon the foregoing, it is hereby

ORDERED, that a Hearing be scheduled on September 1, 2010 at 10:00 for the Commission to receive public comment on the proposed modification of the residential renewable facility incentive payment as set forth herein; and it is

FURTHER ORDERED, that the Commission will receive written comment from interested parties on the proposed modification through September 7, 2010; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, the Executive Director shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than August 18, 2010, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before September 1, 2010.

By order of the Public Utilities Commission of New Hampshire this thirteenth day of August, 2010.



Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.