

August 3, 2020

Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, New Hampshire, 03301-2429

Office of Strategic Initiatives  
107 Pleasant Street  
Concord, NH 03301

## **Amended Recommendation for the Clean Energy Fund**

### **1. Introduction**

Commission Staff conducted two stakeholder sessions on December 19, 2019, and January 27, 2020, at which the stakeholders discussed the Public Utilities Commission (PUC or Commission)/Office of Strategic Initiatives (OSI) November 7, 2019 proposal outlining proposed programs and target allocations for the use of the Clean Energy Fund (Fund). Stakeholders provided feedback and presented alternative proposals including suggestions summarized below:

The Community Development Finance Authority (CDFA) proposed using \$4.3 million of the fund for a new revolving loan fund and corresponding interest rate buy-downs that would dovetail with the CDFA's existing clean energy fund offerings. Those existing offerings support energy efficiency and renewable energy projects targeted primarily at commercial for-profit and not-for-profit entities.

The Office of the Consumer Advocate agrees the CDFA's proposal is an appropriate use of the Clean Energy Fund with the remainder of the Fund devoted to the an expansion of on-bill financing for residential customers administered by Eersource under the NHSaves aegis.

Solar developers including ReVision Energy, Norwich Solar Technologies, New England Commercial Solar Services, Ayer Electric, Encore Renewable Energy, NH Commercial Solar Energy Systems, Plymouth Area Renewable Energy Initiative, and KW Management, proposed allocating \$2.5 million to the Renewable Energy Fund (REF) Commercial & Industrial (C&I) Solar Rebate program, and the remaining \$2.5 million for financing in the manner that CDFA proposed. Please note, the solar developers' proposal dated January 17, 2020 reflects a Clean Energy Fund balance of \$5 million; not the adjusted fund balance of \$5.2<sup>1</sup> million.

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<sup>1</sup> Eversource has agreed to include an additional \$200,000 as an amount intended to increase the funds available in light of the delay in developing a final proposal for use of the fund.

Clean Energy NH proposed using \$2.5 million for financing, with \$1.25 million used in the manner that CDFA proposed and \$1.25 million used to expand Eversource's energy efficiency on-bill financing. Consistent with the solar developers' recommendations, Clean Energy NH supports allocating the remaining \$2.5 million to support grants and rebates in programs similar to the REF programs and/or energy storage initiatives, but administered in parallel to the REF. Please note, Clean Energy NH's letter dated January 17, 2020 reflects a Clean Energy Fund balance of \$5 million, not the adjusted fund balance of \$5.2 million.

PUC and OSI staff developed a modified proposal for use of the Fund that, to the extent possible, addresses stakeholder comments, follows the guiding principles, and retains the intent of the original PUC/OSI proposal. What follows is a revised proposal, including a high-level summary of target fund allocations and potential program parameters.

## **2. Guiding Principles**

Commission and OSI Staff continue to believe that the State Energy Plan, recently enacted legislation, and letters received from Legislators, require the following guiding principles for the Fund. These guiding principles support cost effective and efficient use of the Fund to develop and expand clean energy initiatives in New Hampshire:

- (a) Fund monies should be used to promote clean energy projects in New Hampshire, including energy efficiency and renewable energy projects.
- (b) Fund monies should support innovation in achieving clean energy benefits.
- (c) Fund monies should be made available to all Eversource customers without discrimination.
- (d) Fund monies should be leveraged, where possible, with the use of private and/or other public funding sources.
- (e) Fund monies should be used in ways that extend and/or expand existing energy efficiency and renewable energy programs.
- (f) Fund monies should cover all administrative costs associated with the management of the Clean Energy Fund and associated financial instruments/programs ("Instruments"). Additionally, all necessary marketing and technical assistance efforts should be supported by the Fund. The Fund and Instruments should be administered in a cost-effective manner.
- (g) The Clean Energy Fund and its Instruments should be managed by an experienced entity or entities in a cost effective manner and avoid undue administrative costs.
- (h) All interest earned by the Fund and its Instruments should be kept in the Clean Energy Fund and used to support its purposes.

### 3. Recommendations

Commission Staff and OSI Staff, mindful of the guiding principles outlined above and the Settlement provisions, recommend that the \$5.2 million Clean Energy Fund monies be allocated, and support one or more of the proposed clean energy initiatives summarized below.

- Allocate the Fund evenly between the Residential and C&I sectors as requested by the Office of the Consumer Advocate because this allocation is roughly consistent with the stranded cost allocation under the 2015 Restructuring Settlement Agreement.
- Keep funds separate from existing energy efficiency and renewable energy program funding.

#### **Residential Sector Target Allocations & Programs**

- **\$750,000** for a revolving loan fund to support on-bill financing (i.e., Eversource on-bill loan repayment) financing
  - Loans may fund residential customer-owned clean energy technologies not incentivized through the Energy Efficiency Resource Standard (EERS) program, such as grid-tied solar plus storage, central pellet/woodchip biomass heating systems (i.e., not pellet “stoves”), and geothermal systems
  - Proposed terms and conditions:
    - Loan amount up to \$10,000
    - Term up to 5 years
    - 0% interest rate
- **\$1,475,000** loan loss reserve (LLR) to support (secure) loans for renewable and clean energy technologies
  - Loans may be used for EV charging stations, solar, solar plus storage, central pellet/woodchip biomass heating systems (i.e., not pellet “stoves”), and geothermal systems that are owned by the customer
  - Partner with third-party to administer LLR and loans
  - Loan amount up to \$35,000
  - Term up to 10 years
- **\$375,000** interest rate buy-downs for loans secured by the LLR
  - Consider income-adjusted interest rate buy-downs (e.g., 0% for low to middle income (LMI)-qualified loans; 2% for non-LMI loans)
- **Total Allocation to Residential Sector equals \$2,600,000**

#### **Commercial & Industrial Sector Target Allocations & Programs**

- **\$750,000** for a new program providing incentives for commercial scale energy storage charged by solar owned by for-profit
  - 50% rebate for energy storage
  - Up to a maximum of \$50,000 per project

- Solar plus energy storage must be owned by a for-profit and not-for-profit entity
- **\$1,475,000** loan loss reserve to support (secure) loans for renewable and clean energy technologies
  - Loans may be used for EV charging stations, solar, solar plus energy storage, district and central pellet/woodchip biomass heating systems, and geothermal systems that are owned by the customer
  - Partner with third-party to administer LLR and loans
  - Loan amount up to \$300,000
  - Term up to 10 years
- **\$375,000** interest rate buy-downs for loans secured by the LLR
  - Target buy-down to 2%, or 2 points under commercial rate
- **Total Allocation to Commercial & Industrial Sector equals \$2,600,000**

#### 4. Next Steps

Commission Staff and OSI Staff recommend the Commission approve the proposed allocation of the \$5.2 million Clean Energy Fund monies and authorize Commission Staff to prepare a request for proposals for the administration of the LLRs and interest rate buy-downs programs.

Commission Staff and OSI further recommend that the Commission instruct Eversource to work with interested parties to design and further refine the residential and C&I loan programs.

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