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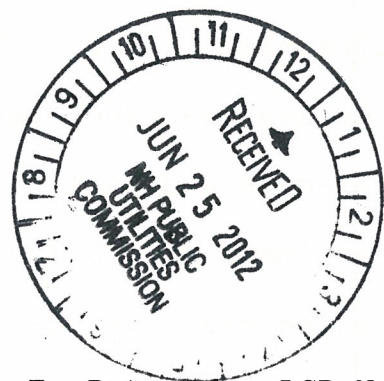
STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

June 7, 2012 - 1:37 p.m.  
Concord, New Hampshire

RE: DE 12-127  
RESIDENTIAL RENEWABLE ENERGY  
GENERATION INCENTIVE PROGRAM:  
Modification of Incentive Payment.  
*(Hearing to receive public comment)*

PRESENT: Chairman Amy L. Ignatius, Presiding  
Commissioner Robert R. Scott  
Commissioner Michael D. Harrington  
  
Sandy Deno, Clerk

APPEARANCES: *(No appearances taken)*



Court Reporter: Steven E. Patnaude, LCR No. 52

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**I N D E X**

**PAGE NO.**

**PUBLIC STATEMENTS BY:**

Fuat Ari	4, 30
Dan Clapp	5, 19
Pablo Fleischmann	6, 18, 19
Mark Weissflog	11

\* \* \*

**STATEMENT BY MS. AMIDON (NHPUC)**

19, 28

\* \* \*

**QUESTIONS BY:**

**PAGE NO.**

Cmsr. Harrington	9, 28
Cmsr. Scott	13, 24
Chairman Ignatius	17, 25

**P R O C E E D I N G**

CHAIRMAN IGNATIUS: Good afternoon.

Welcome, everyone. I'd like to open the session in Docket DE 12-127, which involves the Residential Renewable Energy Generation Incentive Program. We scheduled, by an order of notice, scheduled, and issued May 16th of this year, a hearing to take public comment on the proposal to reduce the Renewable Energy Incentive Payment that has been proposed by the Commission Staff. And, want to give everybody an opportunity to make their comments known, for, against, any other suggestions you have. We hope everyone's seen the Commission's proposed levels that was contained in the order of notice. And, if not, we'll get you copies of that. And, this is really just an opportunity to make your positions known. It doesn't have to be particularly formal. Some of you I recognize, have been here before, so you know how it works. But this is not meant to be anything intimidating or cross-examining anyone. We really do want to hear your perspective.

So, among the -- I have a sign-in sheet with the three people from -- not from the Commission. I think Commission Staff will also speak, after hearing the other comments. But, among the three of you, if anyone wants to go first, let me know. Or, otherwise, I'll just

{DE 12-127} {06-07-12}

1 go in the order that they were given.

2 MR. ARI: You guys want to jump in?

3 MR. FLEISCHMANN: We're an easy bunch.

4 CHAIRMAN IGNATIUS: All right. Well,  
5 the first one I actually have a hard time reading. Is it  
6 "Mr. Ari"?

7 MR. ARI: Yes. That's it.

8 CHAIRMAN IGNATIUS: Okay. Tell me your  
9 first name.

10 MR. ARI: Fuat.

11 CHAIRMAN IGNATIUS: All right. Fuat.  
12 All right. That's a great name.

13 MR. ARI: Thank you.

14 CHAIRMAN IGNATIUS: So, why don't you  
15 begin. You're from Bright Light Solar?

16 MR. ARI: Solar. That's correct. Our  
17 position is, we're opposed to this proposal, in -- because  
18 we feel that it is going to impact the residential people  
19 coming forward and signing up on solar energy. Even  
20 though \$1,000 may not seem much reduction, but that is  
21 really, in terms of years, you're looking at two years of  
22 return on investment, going back to increasing it, say --  
23 let's say, their return on investment is -- payoff is six  
24 years, now we're jumping up to eight years. It is a tough

1 sale to convince a homeowner to say "well, it's okay. In  
2 eight years, you're going to get your money back." So,  
3 it's very, very big impact on us. So, that's my position.

4 CHAIRMAN IGNATIUS: All right. Thank  
5 you.

6 MR. ARI: Sure.

7 CHAIRMAN IGNATIUS: Do you have any  
8 alternative number, other than keep it as it is? Would  
9 you have any other proposal?

10 MR. ARI: Proposal that I -- well, we  
11 would like to see it stays where it is, and perhaps, even  
12 though, as we all know, it's attractive, that's why we run  
13 out of money three months ahead. But I think C&I is --  
14 portion of the funding is substantial, in comparison to  
15 residential. Some funds could be shifted from there to  
16 satisfy this overdraft -- overusage, *per se*, I'm sorry.  
17 That's our position.

18 CHAIRMAN IGNATIUS: Okay. Thank you.  
19 Are you Mr. Clapp?

20 MR. CLAPP: I am.

21 CHAIRMAN IGNATIUS: Why don't you go  
22 ahead. From Revision Energy?

23 MR. CLAPP: Yeah. Dan Clapp, with  
24 Revision Energy. I just wanted to come and speak that we

1 are for the reduction. What we look for is consistency in  
2 funding. We want more money in the pot for more  
3 homeowners. As you guys probably know, the price of  
4 residential -- or, the price of photovoltaic overall has  
5 been reduced, has declined. So, in my mind, how  
6 incentives work, is they should be designed to be reduced  
7 as the market is transformed. As the price of  
8 photovoltaics come down, I think it makes sense that the  
9 price of incentives come down as well. Keep it open and  
10 available to more -- more homeowners within the state.

11 I don't think the problem is the rebate  
12 program by the PUC. I think it's more with the House and  
13 the actual funding of the program. But that's not here.

14 So, I just wanted to say that we agree,  
15 that the reduction will provide better consistency.  
16 That's what we need. We don't need it to be funded, run  
17 out of money, funded, so each would -- you know,  
18 consistent funding that the homeowners can feel  
19 comfortable with is the goal. So, we're for it.

20 CHAIRMAN IGNATIUS: All right. Thank  
21 you. And, are you Mr. Fleischmann?

22 MR. FLEISCHMANN: I am Mr. Fleischmann.  
23 I have a solar store in the Monadnock Region. I also,  
24 although I am on the Board of the New Hampshire

1 Sustainable Energy Association, I'm not really here  
2 representing their views. But I have had -- when the  
3 announcement came out for this, I did have many  
4 conversations with other installers around the state,  
5 primarily small residential scale installers. And, we  
6 were all surprised to hear that the PUC's impression is  
7 that "last time this program shifted there wasn't much of  
8 a change in demand for the rebate."

9 Most of the small electricians that have  
10 been in solar for the last few years, and as well as  
11 myself, and businesses, such as myself, have seen a  
12 decline since the rebates shifted last time. And, we've  
13 sort of gotten use to the spring suspension of the  
14 rebates, and appreciate that the PUC has figured out that  
15 it works for them to put them in a queue, as opposed to  
16 other states that just put a freeze on accepting the  
17 programs.

18 I think the program and the amount of  
19 funding coming into the program is still unclear as to how  
20 that's going to progress. Although, we've seen some  
21 spreadsheets saying how well-funded it is. Obviously, it  
22 hasn't been the case. I would like to see a pause in this  
23 decision. Wait another year and see how the funding does  
24 actually progress. We have all -- I'm sure we've all been

1 working with residential customers that are hoping to get,  
2 you know, the \$4,500 for a 3.6 kilowatt system. I think  
3 that reducing the amount kind of helps the -- I think the  
4 legislation, the original legislation, by keeping it --  
5 the eligible systems under 5 kilowatts was to actually  
6 benefit the people of lesser means and smaller systems.  
7 And, I personally appreciate that. Although, there are a  
8 lot of installers that would love to see that cap be  
9 removed.

10 But, I mean, I work with people who can  
11 afford larger systems, and they do it without the rebates.  
12 I think that keeping the rebates at the rate that they are  
13 currently makes it -- it sort of feels like the tipping  
14 point. I think the \$3,000 would be for, what is it,  
15 anyone do the math?

16 MR. CLAPP: Four kilowatts.

17 MR. FLEISCHMANN: A 4-kilowatt system,  
18 roughly. It's not going to help the people that need it  
19 the most. And, I would love to see -- wait another year  
20 and see how the funding goes, although, you know, the  
21 Legislature has got their hands in it.

22 Was there anything else I wanted to say?  
23 And, in one of the statements or the messages that came  
24 out of the PUC regarding "the price of solar is



1 continually falling", well, it has continually fallen in  
2 the last -- since 2008. But we see signs of it pretty  
3 much stabilizing. And, we know that the DOE Commerce  
4 Department, I mean, has put tariffs on Chinese sales. So,  
5 we can anticipate some increase. But, certainly, I don't  
6 anticipate -- personally don't anticipate the prices  
7 continuing to fall. So, I think that's an important  
8 piece.

9 I mean, that all remains to be seen, we  
10 know that.

11 CHAIRMAN IGNATIUS: And, Commissioner  
12 Harrington.

13 CMSR. HARRINGTON: This would be  
14 addressed to anyone of you. What's the cost? I mean, we  
15 can see from this, the notice, that the first system  
16 maximum is proposed to go down from 4,500 to 3,000, or  
17 50 percent in total. But I'm not quite sure exactly what  
18 "total" means. What does a normal residential home  
19 consist of cost?

20 MR. FLEISCHMANN: And, the other  
21 question to ask is "what is the average size system that  
22 people are installing residentially in the State of New  
23 Hampshire?" I don't know if Jon Osgood has that? I'm  
24 sorry, I'm like a politician. I'm asking a different

1 question than your question.

2 CMSR. HARRINGTON: That's all right.  
3 This is informal. So, if you practice that, maybe you'll  
4 to the --

5 MR. FLEISCHMANN: Do we have an average  
6 system for the --

7 MR. OSGOOD: I don't have a calculation  
8 for that.

9 MR. FLEISCHMANN: My guess is it's  
10 around a three and a half to 4-kilowatt system is about  
11 the average residential size system.

12 CMSR. HARRINGTON: And, what does  
13 something like that cost? Before any rebates or whatever?

14 MR. CLAPP: I'll jump in here. For a  
15 4-kilowatt, anywhere from 16 to 18, 16 to 20,000.

16 MR. FLEISCHMANN: Right.

17 CMSR. HARRINGTON: And, when you say  
18 that, that's --

19 MR. CLAPP: That's gross.

20 CMSR. HARRINGTON: -- complete,  
21 installed?

22 MR. CLAPP: Yep. Complete, gross  
23 installed cost.

24 CMSR. HARRINGTON: Sixteen to twenty.

1 MR. FLEISCHMANN: Being four, four to  
2 five dollars a watt. Although, we've seen lower and we've  
3 seen higher.

4 MR. ARI: We've seen higher.

5 CMSR. HARRINGTON: So, I guess my point  
6 is, though, on this, whether it was 4,500 or 3,000, or  
7 50 percent of the total system cost, unless it's a very  
8 small system, then you're not worried about the 50 percent  
9 cap?

10 MR. ARI: Yes.

11 CHAIRMAN IGNATIUS: Yes. We have a new  
12 arrival. It's killing me, because I know you, and I can't  
13 remember your name.

14 MR. WEISSFLOG: Mark Weissflog, KW  
15 Management. The only time that 50 percent cap typically  
16 has an issue is if the homeowner is installing it,  
17 purchasing the equipment himself, or he's getting used --  
18 some used equipment that complies. So, at that point is  
19 when you would see that 50 percent cap having an issue.

20 CHAIRMAN IGNATIUS: Mr. Weissflog, would  
21 you like to make a comment generally on the proposal? We  
22 are just working our way around the room, and we're right  
23 at your seat.

24 MR. WEISSFLOG: Again, my name is Mark

1 Weissflog, from KW Management. We've been installing  
2 solar in New Hampshire about 14 years. We're electrical  
3 contractors out of Nashua, New Hampshire. And, while the  
4 reduction in program incentives is a little bit of a  
5 disincentive to residential customers, we do believe in  
6 continuity of system incentives throughout the year. So,  
7 it's helpful.

8 In comparison, we do most of our work on  
9 a commercial and some residential basis in Massachusetts.  
10 The Massachusetts program currently pays 40 cents a watt,  
11 capped at two -- well, \$2,000 really is the maximum. And,  
12 they have the same type of incentive. They only  
13 incentivize up to 5 kW, but the systems can be larger.  
14 Whereas, in New Hampshire, they can't be larger, on the  
15 residential side. However, they do have a huge difference  
16 in SREC value --

17 (Court reporter interruption.)

18 MR. WEISSFLOG: SREC, or Solar REC,  
19 Class II REC value. So, rather than incentivizing them  
20 just on the size of the system being installed, those  
21 purchasers get benefit of the SRECs, currently trading at  
22 52 cents a kilowatt-hour, so \$520 per megawatt-hour. So,  
23 that same 4 kW system that was mentioned would probably  
24 produce close to five megawatt-hours, probably not quite.

1 But that's another \$2,500 annually in income, in addition  
2 to the net meter credits.

3 So, while our incentive is a little bit  
4 higher for the installed kW STC DC, it by no means is  
5 compared directly to what Massachusetts does, for example.  
6 So, we would like see the cap dollars raised a little bit,  
7 maybe to 3,500, go from 4,500 to 4,000 or 3,500, and the  
8 per dollar incentive amount is probably about right.

9 CHAIRMAN IGNATIUS: Commissioner Scott,  
10 a question.

11 CMSR. SCOTT: Yes. A little bit of a  
12 tangential question. But, since you're all here, as your  
13 wealth of knowledge, I was just curious, your  
14 observations, as far as the penetration of solar hot  
15 water, rather than PV itself, for electricity?

16 MR. FLEISCHMANN: Every year is  
17 different. 2008 was a big year for solar hot water, when  
18 the price of oil jumped. And, it went -- it crashed after  
19 that. But it's picking up, popularity, I guess, is  
20 picking up. The program isn't as well -- the state  
21 program isn't as well -- people don't know about it as  
22 well. But, out of the last, you know, three years, it  
23 seems to be more popular, at least in conversation.

24 MR. CLAPP: Well, what we've been seeing

1 as installers is, I don't know what our percentage was,  
2 but maybe 60-70 percent was residential solar hot water  
3 four or five years ago, now it might be 20 percent, of our  
4 total installs. And, the reason for that is, especially  
5 within the last year, the price of photovoltaics have come  
6 down to the point where, if you put in an efficient or an  
7 air source heat pump or water pump hot water tank, with  
8 the photovoltaic, a kilowatt, a kilowatt and a half, the  
9 price is pretty much the same as a solar hot water system.  
10 The difference is, you know, you're taking up more square  
11 footage on the roof. But, with that said, less  
12 maintenance.

13 So, PV and solar hot water are right at  
14 a point where they're price competitive. So, I think  
15 we're seeing less and less of hot water as the price of  
16 photovoltaics decline. That's what we've been seeing.

17 MR. WEISSFLOG: If I may add? What we  
18 see also is that, because the PV, you can net meter that  
19 energy. Whereas, the solar hot water, typically, it would  
20 overproduce in the summertime, and there's no benefit to  
21 too much hot water. You can't bottle it and bring it to  
22 your next-door neighbor and sell it to him or give it to  
23 him. So, what normally happens is, that overproduction is  
24 just dissipated or bled off. So, that doesn't give that

1 owner any benefit of that, of the upside of more  
2 production.

3           Whereas, in the summertime, with a PV  
4 system, if it overproduces, that energy is net metered.  
5 The next nearest neighbor, obviously, uses that energy,  
6 and pays Public Service 100 percent of the going rate, and  
7 Public Service or the utility has no cost over there.  
8 Unlike some testimony that sometimes is given, there is no  
9 cost to the utility or other ratepayers for net metered  
10 energy, as long as it's under the current program.

11           But we see a lot of interest in hot  
12 water. But, because it has a little more complexity, it's  
13 mechanical. It's not as exciting, it's not as -- it  
14 doesn't have as much curb appeal as solar electric systems  
15 do. A lot of people really want to go with the PV first.

16           MR. ARI: Our finding is the reduction  
17 on rebate also impacted that program. Last year, it was  
18 -- the year before it was \$2,900, and now it's down to  
19 \$1,500 or so. And, that is also impacting our sales quite  
20 a bit.

21           CMSR. SCOTT: And, my other question,  
22 again, for the group, is, maybe we can stick to PV, I  
23 suppose, is there's a presumption, and I just want to  
24 verify that, you know, people who, three years ago, put a

1 system in, there's general customer acceptance and they're  
2 still using them, and those are still in use? And, I just  
3 wanted to get confirmation of that.

4 MR. FLEISCHMANN: Solar hot water or  
5 the --

6 CMSR. SCOTT: I'm sorry, the electric --  
7 electric PV.

8 MR. CLAPP: Those systems are designed  
9 for 30 years.

10 MR. ARI: Twenty-five, thirty years.

11 MR. CLAPP: Plus. So, they should be  
12 working perfectly.

13 CMSR. SCOTT: So, again, I just wanted  
14 to confirm this. So, we're not seeing instances of  
15 somebody saying, for whatever reason, "I don't want to do  
16 this anymore?"

17 MR. FLEISCHMANN: Oh, no.

18 MR. ARI: God, no.

19 MR. CLAPP: Maintenance hands-off.

20 CMSR. SCOTT: I wouldn't expect so.  
21 Once you had the sunk cost in, obviously, there's benefit  
22 after.

23 MR. WEISSFLOG: There's very low  
24 maintenance in the systems. We have removed a few



1 systems, a couple in Massachusetts and at least two in New  
2 Hampshire, pre-incentive systems, you know, 1998 to 2000  
3 systems. The building was being sold. The realtor had  
4 talked the seller, second or third generation seller, to  
5 take the PV off the roof and sell the house without  
6 photovoltaics. So, those materials were recaptured and  
7 resold into the market, because they still had value in  
8 them.

9 But, as to new systems, that have been  
10 installed since 2002, we haven't seen any that aren't  
11 working in New Hampshire. Sometimes larger commercial  
12 systems in Massachusetts stop reporting, but that isn't --  
13 they don't stop working, they just -- because they have  
14 automatic data acquisition systems.

15 CHAIRMAN IGNATIUS: Mr. Weissflog, I had  
16 a question for you. I think I didn't follow your  
17 recommendation. At first, you said "continuity was  
18 important", and I thought you were saying "the reductions"  
19 -- "if that meant with reductions, then so be it,  
20 continuity is important." But, then, you said "both the  
21 cap and the levels should be increased". So, --

22 MR. WEISSFLOG: I said the level, I  
23 think, is fair, the 75 cents a watt is fair. But that 75  
24 cents a watt corresponds directly with 4 kilowatts being

1 installed, if the cap is at 3,000. So, if you increase  
2 the cap to 3,750, then you would get to that 4.99 kW  
3 that's allowable under the program. So that the installed  
4 cost per watt and the benefit of having a larger system in  
5 this state would be capitalized on.

6 CHAIRMAN IGNATIUS: So, would you  
7 recommend the cap go to 3,750?

8 MR. WEISSFLOG: I would. I mean, I did  
9 throw out "3,500", but "3,750" would more equal what is  
10 the program today, 4.99 kW.

11 CHAIRMAN IGNATIUS: All right. So that  
12 keeping the 75 cents per watt as is, but the cap going to  
13 a maximum of 3,750, or 50 percent of the total cost,  
14 whichever is less, --

15 MR. WEISSFLOG: Right.

16 CHAIRMAN IGNATIUS: -- Would be a  
17 better proposal?

18 MR. WEISSFLOG: Keep everything else.

19 CHAIRMAN IGNATIUS: Any other comments,  
20 before we go to Staff?

21 MR. FLEISCHMANN: Sure. Just one more.  
22 The 75 cents is similar to, well, it's hard to keep track  
23 of Vermont now, but the Vermont incentive is 75 cents,  
24 which is -- seems to be the number a lot of states are

1 falling to, the ones that started higher. But the  
2 different in Vermont is that they don't limit it to the  
3 5-kilowatt systems. And, they also -- it's not a one-time  
4 deal, they have a lifetime maximum. So, there are ways  
5 and reasons why the lower number works in some states.  
6 And, I, again, like the compromise where New Hampshire is  
7 at now with the \$1.25.

8 MR. CLAPP: I would support Mark's  
9 levels. But, again, I stress that consistency and  
10 continued continuity within the funding is probably the  
11 most important thing that we could do.

12 MR. FLEISCHMANN: And, if you could  
13 somehow get the Legislature to do SRECs --

14 (Court reporter interruption.)

15 MR. FLEISCHMANN: Oh, "SRECs" stands for  
16 Solar Renewable Energy Credits, which are sold on the  
17 market. It's a source of income for producers,  
18 potentially.

19 CHAIRMAN IGNATIUS: All right. Thank  
20 you. Does Staff have anything it wants to add?

21 MS. AMIDON: Yes. We do. Thank you,  
22 madam Chairman. My name is Suzanne Amidon. I'm the  
23 attorney that works with the Sustainable Energy Division.  
24 And, with me today, to my immediate left, is Jack

1 Ruderman, who is Director of the Sustainable Energy  
2 Division, and to his left is Jon Osgood, who is an analyst  
3 in that Division who works on the Rebate Programs. And, I  
4 just wanted to offer some background and context for the  
5 recommendation.

6 The Residential Incentive Program was  
7 initiated by the Commission in 2009, pursuant to a  
8 statutory mandate in RSA 362-F:10, V. At its inception,  
9 the incentive payments were mandated by statute at \$3.00  
10 per watt generation capacity, up to a maximum payment of  
11 \$6,000, or 50 percent of the system's cost, whichever was  
12 less. And, payments were made from money that is  
13 deposited into what is called the "Renewable Energy Fund",  
14 or "REF", that was also created by RSA 362-F.

15 In 2010, the Legislature did authorize  
16 the Commission to modify the incentive payment level,  
17 after notice and hearing, such as the hearing that you're  
18 having today. In the same legislation, which was House  
19 Bill 1270, the Commission was also directed to reasonably  
20 balance overall expenditures from the REF, between  
21 residential customers and non-residential sectors, based  
22 on the proportion of electricity sold at retail to each  
23 class of customers. So, this new directive to balance the  
24 interests, obviously, impacted the amount of money that

1 would now be devoted to the Renewable Energy Fund.

2 So, in September 2010, the Commission  
3 decided to reduce the incentive payment to the current  
4 level, which is \$1.25 per watt, or a maximum payment of  
5 \$4,500, or 50 percent of the system cost, whichever is  
6 less.

7 Then, last year, in September, the  
8 Commission, using the directive of the Legislature,  
9 approved a budget of approximately \$981,000 for the  
10 Residential Incentive Program. So, the reduction in the  
11 incentive payment allowed that budgeted amount to cover  
12 about the same number of installations that were covered  
13 in the prior year, and to sort of sustain the experience  
14 for customers in being able to install solar residential  
15 facilities and still be eligible for an incentive payment.  
16 And, even so, as was noted, in March of this year the  
17 Commission had to suspend payments, because the fund was  
18 exhausted, and had placed applications on a waiting list.

19 The proposal today is something that the  
20 Staff supports. We think that, since the program has  
21 started, we wanted to inform the Commission, the fund has  
22 supported the installation of between 176 to 219  
23 residential energy generation systems per year. And, if  
24 we assume that the same amount of money would be available

1 in the next year, beginning July 1, for this program, with  
2 the reduction in the incentive payments, we anticipate  
3 that the fund could support the installation of somewhere  
4 between 235 and 270 installations. This depends on the  
5 number of applications that are on the wait list.

6 Because, and the Commission has taken this position in the  
7 past, anything that is on the wait list would be eligible  
8 for the current level of reimbursement, until such time as  
9 the Commission issued its order to change that level of  
10 reimbursement.

11 We also recommend that the Commission  
12 establish an effective date of July 1, 2012 for the new  
13 reduced incentive payment. Those placed on the waiting  
14 list before July 1 would be eligible for the now effective  
15 levels of reimbursement. And, any applications wait  
16 listed after July 1 would receive the lower reimbursement  
17 level.

18 And, the reason I talk about a "July 1  
19 waiting list" is that last year the Commission did not  
20 establish a budget for the REF Programs until September.  
21 So, there was an additional waiting list between July and  
22 September. And, we anticipate there may be a similar wait  
23 list for some period of time following the first of July.

24 Finally, overall, since this program was

1 implemented, the Commission has allocated approximately  
2 \$3.4 million for incentive payments, primarily for small  
3 PV facilities on residential homes. And, this is about  
4 one-third of the entire REF budget. We believe that the  
5 reduced incentive payment will allow the continued  
6 opportunity for installation of residential PV systems at  
7 the current rate, and still assure that REF money is  
8 available for other technologies and other customer  
9 programs. That's also consistent with the idea that you  
10 have to balance between the customer classes, in terms of  
11 how you allocate these funds.

12 So, the reduced payment will stretch the  
13 REF money and provide some stability to avoid the  
14 stop-and-start cycle that you heard Mr. Clapp mention.  
15 And, finally, the reduced payments reflect a reduction in  
16 the cost of solar, I don't know if it's installations or  
17 if it's the equipment or the cells themselves that have  
18 occurred since the program was first implemented.

19 And, I would point out that this is  
20 consistent with the VEIC Study that was performed on the  
21 energy efficiency possible -- and renewable energy in New  
22 Hampshire. They emphasized that a start/stop cycle is  
23 harmful to a developing industry. And, we would like to  
24 be able to sustain the number of applications that we can

1 process and fund.

2 And, finally, we also think it is  
3 consistent with the trends that we see in other states.  
4 We have some information on that. I don't know if you  
5 have any questions for Staff, but Staff is available for  
6 questions, if you have any questions in that regard.  
7 Thank you.

8 CHAIRMAN IGNATIUS: Thank you.  
9 Commissioner Scott.

10 CMSR. SCOTT: Yes. I understand it may  
11 be a little bit early yet, but I was curious if you've  
12 done an evaluation yet of the impact of the Senate Bill  
13 218 on this fund moving forward?

14 MR. RUDERMAN: We have not done so. I  
15 mean, I think that what I was shaking my head at  
16 initially, before you even finished your question, was I  
17 thought you were asking "how much money would be coming  
18 into the Renewable Energy Fund in July?" And, that we  
19 just don't know. But any impact of changes to the RPS law  
20 won't be seen for another cycle, a full calendar year, and  
21 then six months later when the compliance reports are  
22 filed. So, it will be a while before we know what the  
23 impact is. Hard to say, currently. Other than we know  
24 that the ACP price for Class II has been sharply reduced,



1 from \$168 to \$55.

2 So, to the extent that there is any  
3 shortfall in Class II, in calendar year 2013, I think is  
4 when it would kick in, that's, you know, July 2014 is when  
5 we would see that play out, in terms of the revenues.

6 CMSR. SCOTT: I guess that answers my  
7 question. My presumption was, there would probably be  
8 less money moving forward, once that comes into effect.

9 MR. RUDERMAN: I think that's a  
10 reasonable assumption.

11 CMSR. SCOTT: Thank you.

12 CHAIRMAN IGNATIUS: Do you have any  
13 initial reaction to the suggestion of Mr. Weissflog that  
14 the per watt price remain the same, but the cap go up,  
15 sort of split the difference, really, between where it  
16 currently is and your proposal, so it would end up at the  
17 3,750 level?

18 MR. RUDERMAN: I guess I'll start my  
19 answer by saying, the rebate levels that were laid out in  
20 our memo to the Commission that resulted in the order  
21 leading to this public comment hearing, you know, I viewed  
22 at the time as a "strawman's proposal". It was a  
23 suggestion. And, I fully anticipated that there could be  
24 disagreement/dissent. And, I genuinely want to hear from

1 the installer community. So, I didn't go in with the  
2 assumption or come in to today's hearing with the  
3 assumption that "75 cents" and a cap of "3,000" is  
4 absolutely the right solution to this program's needs at  
5 the moment.

6 So, I'm happy to, you know, hear what  
7 folks have to say and take that into account. And, I'm  
8 sure that it's the same process the Commission will  
9 follow. My, you know, off-the-cuff reaction at the moment  
10 is, it seems like a fairly logical compromise. Where  
11 there is concern about reducing too quickly and harming  
12 sales. On the other hand, there seems to be almost  
13 unanimous agreement here that we want to try to provide  
14 for continuity. We don't want the stop-and-start cycle  
15 with the programs.

16 And, so, if we lower the per watt rebate  
17 level to 75 cents, it will clearly save money on some of  
18 the smaller systems. And, for the larger systems, if we  
19 drop from a maximum of 4,500 to 3,750, there's some decent  
20 savings there, too. But, I mean, I wouldn't state  
21 unequivocally that that number shouldn't be 3,500 or  
22 3,250. I guess some of that warrants further  
23 consideration.

24 CHAIRMAN IGNATIUS: Well, if we're being

1 asked to set a level and have it in effect by July 1st, we  
2 do need to get to some specificity pretty quickly. I  
3 realize that this isn't -- some of these are sort of  
4 guesses at what's -- how things are going to be treated in  
5 the market and what the numbers are to come in.

6 Then, the proposal, it sounds like  
7 you've done some calculations and certain assumptions, and  
8 that you could, at the new levels, at the budget that's  
9 been set, could accomplish the same level as been done  
10 year to year, and then some, a little more than what  
11 you've seen year to year. If you increase the cap,  
12 obviously, the potential that you'd be able to serve would  
13 come down somewhat. I don't know if anyone could  
14 calculate that quickly, to know if it drops below the  
15 level that we've seen in the recent past?

16 MR. RUDERMAN: I think we could follow  
17 up with the Commission later and run those numbers for  
18 you.

19 CHAIRMAN IGNATIUS: Okay.

20 MR. RUDERMAN: And, try to firm up the  
21 recommendation as to a price cap.

22 CHAIRMAN IGNATIUS: That would be great.  
23 Something in writing that would be available to everyone.  
24 And, we've got e-mail addresses from those of you who have

1       come today, we can get you a copy as well.

2                       Yes, Ms. Amidon.

3                       MS. AMIDON:   And, you probably were  
4       going to say this, madam Chairman.   But the parties do  
5       have until June 14th to provide written comments.   And, as  
6       such, if Staff could provide it before then, then we would  
7       give the other people from the public here an opportunity  
8       to respond to it.

9                       CHAIRMAN IGNATIUS:   Thank you for that  
10       reminder.   That's important.   Yes, Commissioner  
11       Harrington.

12                      CMSR. HARRINGTON:   Yes.   Just in  
13       listening to this, and I'm not sure who to direct this to,  
14       maybe whoever feels most appropriate to answer it.   It  
15       appears that we're trying to do a balancing act with the  
16       existing money.   And, obviously, no one in this room is  
17       going to be able to change how much money is available.  
18       So, we have to deal with what we've got.   And, in one  
19       hand, we're saying that "we want to have continuity", so  
20       that we don't have this shutting off, "well, we've used up  
21       all our money", so forth, and then "come back and see us  
22       next year."   On the other hand, there's got to be a point,  
23       I have no idea where it is, but, if you start offering, if  
24       we're talking a \$16,000 system, and you're only going to

1 say "you're going to get a \$1,000 rebate back". There's  
2 going to be a number of people that just say "Forget about  
3 it, I don't care. At that point, it's too long of a  
4 payback period."

5 So, has there been anybody looking at  
6 where they think that is? I mean, is going from 4,500 to  
7 3,000, could that get us to a point where we have  
8 continuity, because, at the end of the year, we still have  
9 half the money left? Somewhere there's a level. I'm not  
10 saying it's "3,000", I'm not saying it's "2,000". But  
11 there's a level someplace where you're going to start --  
12 people will not participate anymore. And, how much  
13 analysis have we done to find the happy medium?

14 MR. RUDERMAN: Well, speaking from  
15 Staff's perspective, I don't think it's easy to determine,  
16 you know, with pinpoint accuracy where that level is,  
17 because there's so many other variables at play. One of  
18 them is a 30 percent tax credit. The other is the benefit  
19 of net metering, which can reduce your bill, or could  
20 even, if you're, you know, consistently generating more  
21 than you use, it can create a source of revenue. It's  
22 rare, but, in some cases, people can register and actually  
23 sell RECs into the market and get some value for that.  
24 And, then, of course, it depends on what the electric

1 rates are, and, you know, what happens with natural gas  
2 prices, and whether that drives down the per kW costs.

3 So, I think, you know, for most people,  
4 it's a matter of guesswork, as to where, you know, that  
5 sweet spot is. But, I would say, you know, it's important  
6 not to think of it as just \$2,000 or \$3,000, but to take  
7 into account the federal tax credit and the other benefits  
8 as well.

9 CMSR. HARRINGTON: But, I'm just  
10 wondering, with all those variables, maybe 4,500 to 3,000  
11 is a fairly large change. Maybe taking a smaller step,  
12 see what happens, and then hit it again next year. Just  
13 throwing out my thoughts. That's all.

14 MR. ARI: A payoff period is a  
15 determining factor for a homeowner to say "how long am I  
16 going to pay for the system?" As I said at the beginning,  
17 a \$1,500 reduction is, however we look at it, that adds  
18 two more years, if not more, three more years, to pay off.  
19 So, you say "average is five to seven years", now we're  
20 looking at "nine to ten years' revenues". That is a huge  
21 impact, and huge consideration.

22 CHAIRMAN IGNATIUS: All right. Is there  
23 anything further anyone would like for add?

24 (No verbal response)

1                   CHAIRMAN IGNATIUS:  If not, we  
2 appreciate you coming today and taking out time to help us  
3 understand.  And, as Mr. Ruderman said, this was put out  
4 as a "straw proposal", with the hope of getting some good  
5 feedback from the installer community.  So, thank you for  
6 helping us with that.

7                   MR. ARI:  Thank you.

8                   CHAIRMAN IGNATIUS:  You're free to add  
9 to whatever you said with any written comments by  
10 June 14th.  And, if you know other people who wanted to  
11 get here, but couldn't today, let them know that, that  
12 they also can comment.

13                   So, thank you for your participation.  
14 And, we will take all of this under advisement and issue  
15 something as soon as we can.  Thank you.

16                   **(Whereupon the hearing ended at 2:12**  
17                   **p.m.)**

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