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January 9, 2019

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

Re: Docket No. DE 17-172, Development of Renewable Energy Fund Programs for Low and Moderate Income Residential Customers Under SB 129 of 2017

Dear Ms. Howland:

The Energy Clinic at Vermont Law School (the Energy Clinic) offers the following comments for consideration regarding the Public Utilities Commission (PUC) Staff recommendation dated December 11, 2018. The Energy Clinic assisted Mascoma Meadows Cooperative Inc., a Resident Owned Community (ROC) located in Lebanon, New Hampshire, in submitting and receiving a grant under SB 129. As noted in the PUC Staff recommendation that project was completed before the end of 2018. The Energy Clinic's comments are based on its experience with the Mascoma Meadows Project and its subsequent efforts to help additional ROCs consider solar ownership.

We commend the PUC Staff in the Sustainable Energy Division for a fantastic job throughout the last request for proposal (RFP) and contracting process. Throughout that process the PUC Staff took into consideration comments; adapted the program based on stakeholder input; quickly issued a Request for Proposal; and processed the successful responses through the contracting phase in remarkably short order.

Generally, we agree with the concept that an RFP process is appropriate until additional information has been gathered for evaluation and the future creation of a programmatic approach. RFPs generally create a competitive process, which should ensure the best value to low income residents. However, there are 50% more funds available in 2019 than in 2018. Our concern is that there may not be enough projects that are shovel ready for an RFP to create a competitive bid process. We are concerned that projects that provide more returns to potential investors or developers than the residents will be awarded funds because other projects are not yet ready to compete. This does not mean that there is insufficient interest, or a lack of projects that can use the funds. However, those projects may not be ready to meet a single deadline in the year.

We offer two recommendations for consideration. One, consider setting a floor in the RFP where the applicant must demonstrate that a certain ratio of benefits will go to the low-moderate income community. Two, add an additional RFP process six months later that uses any funds not awarded. We note that the Staff recommends using an RFP process for the next two years. Does approving an RFP process for two years make it possible to roll any remaining funds from one RFP into another RFP process six months later? The second RFP can then be issued to all comers, without a floor..

Alternatively, consider accepting expressions of interest for specific projects where communities have indicated their interest but additional items need to be lined up (for example, securing property, a developer quote or financing) that makes a full application not feasible within the RFP deadline, and an extended deadline is given to meet specific conditions. For example, the Energy Clinic is aware of a ROC community that is working to secure property behind their community for additional home sites and in order to have a suitable site for solar. However, securing property is unlikely to be completed prior to the PUC RFP being issued.

The second issue of concern is the impact of utility interconnection costs. This concern comes directly from our experience with Mascoma Meadows and will certainly impact at least two other ROC communities that the Energy Clinic is assisting. The Mascoma Meadows project (located right next to distribution and transmission lines and resident homes) was hit with an unexpected utility interconnection cost that has the potential to change the benefit to the community by nearly 20%. We believe that most low-income communities are not in a position, in advance of submitting a proposal for grant funds, to pay the utility the fee and gather all of the information for a report that will provide a more accurate estimate of what the interconnection costs will be. The Energy Clinic is assisting communities to evaluate several projects that will necessitate this type of evaluation, and we find ourselves hesitant to estimate project costs without the utility's input on interconnection costs, while now being keenly aware of the impact it can have on the RFP grant submission to the PUC.

The third issue of concern is regarding calculation of the applicable net metering rate. We know the PUC is concerned with providing consistency and certainty to facilitate investment. In many states the net metering rate is set at the retail residential rate of service to provide this consistency and certainty. What we discovered in New Hampshire was that the net-metering rate would depend on what service the meter qualified for. Unless we put the project production behind the meter of one of the manufactured homes, the project winds up in a General Service Delivery Rate because the system generates power, and any phantom load is certainly less than 100kWh per month. This changes the return to the individuals (who are all paying the retail residential rate) by nearly 20%. (For example if a project generates 15,000kWh in a month in Eversource's service territory then the income generation at the Residential Rate would be $1,871, but at the General Service Rate the income is only $1,512. In Eversource's service territory this is further complicated by the fact that the General Service Rate involves a declining block rate. So there is less income per average kwh in months with higher generation.

This hurts predictability, because it makes it challenging for the owners and investors of such systems to determine the rate of compensation. First, it is unclear whether it will be possible on the site to put the project's production meter behind one of the manufactured homes and therefore receive the retail rate. Two, it is difficult to determine what is the impact of the graduated rates. We urge the PUC to consider whether the net-metering rate should reflect the customer class (and associated rate) of those using the energy. We also question whether the policy that creates the declining block rate makes sense to apply to energy generation. In order to ensure predictability, consistency, and transparency, a flat, clearly defined compensation rate for owners of net-metered solar power systems is vastly preferable.

In conclusion, we support the RFP process if it includes a floor (such as the ratio of return to the low-moderate income residents relative to grant funds) and a second response window or RFP six months later for distribution of remaining funds, and subject to the net metering rate clarifications set out in these comments.

Respectfully,

Christa Shute
Energy Fellow for Climate Justice
Vermont Law School, Energy Clinic
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