STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

March 2, 2018 - 10:12 a.m.
Concord, New Hampshire

RE: **DE 17-172**
ELECTRIC UTILITIES:
Development of Renewable Energy Fund Programs for Low and Moderate Income Residential Customers Under Senate Bill 129 of 2017.
(Hearing to receive public comment)

PRESENT: Commissioner Kathryn M. Bailey, Presiding
Commissioner Michael S. Giaimo

Clare E. Howard-Pike, Clerk

APPEARANCES: *(No appearances taken)*

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

I N D E X

P R O C E E D I N G

CMSR. BAILEY: Good morning, everyone. We're here today in Docket DE 17-172 for the development of Renewable Energy Fund Programs for low and moderate income residential customers under Senate Bill 129 enacted in 2017. This is a public comment hearing on the recommendation to issue Request for Proposals for community solar photovoltaic projects that would provide direct benefits to low and moderate income residential electric customers.

We have four people who have expressed an interest in speaking, and we will hear from them in a minute. But, before we do that, could, Mr. Wiesner, maybe you summarize the Staff proposal to sort of set the scene.

MR. WIESNER: Yes. Thank you, Commissioner Bailey.

We filed a couple weeks ago a Staff recommendation, as you said, that provides for a Request for Proposals process to solicit on a competitive basis projects that would provide direct benefits to low and moderate income residential electric customers as required by Senate Bill 129 passed last year that requires at least 15 percent of the Renewable Energy Fund to be used on an annual basis to benefit those low and moderate income residential customers.

I won't go into all the details of the RFP specifications, although it is limited to solar projects. And there's a special scoring preference for those that would be located in or directed towards resident-owned manufactured housing communities or affordable housing projects.

And I think I will not say anything more about it. The recommendation contains the specific details as we've developed them. And we look forward to hearing from the public commenters today. And then there's an opportunity to submit written comments by Tuesday. That's a short timeframe, but we're hoping to get an RFP out, if the Commission approves that approach, by the end of this month, and then move forward so that funds can be reserved by the end of the fiscal year in

June.

CMSR. BAILEY: All right. Thank you very much, Mr. Wiesner.

Now, I'd like to hear from -- or, we would like to hear from members who are prepared to speak orally on this proposal. And I will take your names in the order on which they appear on the sign-up sheet.

So, first up is Matthew Fossum, who will be followed by Steve Taylor, is that --

MR. TOWER: Tower.

CMSR. BAILEY: Tyler?

MR. TOWER: Tower.

CMSR. BAILEY: Tower. Okay. Thank you. All right.

Mr. Fossum. Oh, there you are.

MR. FOSSUM: Thank you. Should I move to the front for comment or --

CMSR. BAILEY: As long as you're speaking into a microphone, you can remain where you are. But, for others, if you're not at a microphone, we do have a space reserved up here. It's important that you speak into a microphone.

MR. FOSSUM: In that case, I'll stay here.

Generally, I have not a lot to say. Eversource is essentially either neutral or generally supportive of the Staff recommendation, with just a couple of small points to make.

In the Staff Recommendation, on Page 1, at the end of the first paragraph of that summary, the sentence there reads that the "Proposed projects may utilize group net metering, and at least one project in each regulated distribution utility service territory may be eligible for on-bill virtual net metering consistent with the provisions of SB 129."

I just wanted to make the point that SB 129 doesn't quite provide that at least one project in each territory would be eligible for on-bill crediting. The language of SB 129 on that issue is actually quoted in the Recommendation on -- it's on Page 2, the third bulleted item. And states that these projects "may receive credits on the bill...for each member and the host, provided that there shall be only one new project...in each utility's service territory." So, I just wanted to point out that that was the language of SB 129 as it was enacted.

Obviously, we haven't seen any projects yet. We don't know whether any of them will, in fact, ask for on-bill crediting, but we wanted to be clear on that requirement.

The only other point I would make is to note a general concern on behalf of the Company. We understand the Staff Recommendation to be for an RFP for developers to come in and describe what it is that they would intend to do and how they would intend to do it. And we're a bit concerned about what additional obligations of any proposal might impose on the utility that would be interconnected with that project. And so, we would like to see a requirement in the RFP that any responders to the RFP clearly note things like whether they will be using or intending to use on-bill crediting or not, and to describe their business model, and, in particular, where they understand the money from the project would flow in and out, and to what extent utility participation in the movement of money or credits is needed. We need to have a pretty clear understanding of what the utility's obligations are going to be should these projects move forward and ultimately be interconnected.

On-bill crediting is a manual process for us. It's somewhat labor-intensive. And so, having that information and understanding the scope of that potential obligation is very important to us.

Thank you. That's all I have.

CMSR. BAILEY: Mr. Fossum, can you explain why on-bill crediting is more labor-intensive than -- for this kind of project than it is for any kind of net metering?

MR. FOSSUM: Well, presently, we don't do on-bill crediting for any kind of net metering. A group net metered project, the group host receives a payment from the utility, and it is up to the group host to distribute that payment under whatever terms they have made with their group members. We do not do any on-bill crediting for that.

So, to the extent that this would be a group project where the utility would have to essentially go that next step and break down a payment and apply it to the bills of all of the underlying members, that's a new step, and that's not one that we do presently. And like I said, right now, we would have to do it manually. Our billing system is not set up to handle that.

CMSR. BAILEY: All right. Thank you. That's very helpful.

And Mr. Tower is next, and he will followed by April Bradley.

MS. BUZBY: Buzby.

CMSR. BAILEY: Buzby. Thank you.

MR. TOWER: Good morning. If I may approach? I have copies of our preliminary written testimony I'd like to hand out, if you would receive it?

CMSR. BAILEY: Okay.

[Atty. Tower distributing

documents.]

MR. TOWER: Good morning.

CMSR. BAILEY: Good morning.

MR. TOWER: I'm Steve Tower. I'm a staff attorney with New Hampshire Legal Assistance. We're a nonprofit law firm that represents low-income families and seniors across the State of New Hampshire. I'm here to provide some oral comments today on the proposal.

First of all, we'd like to congratulate the PUC Staff on putting together this proposal. We're quite impressed with how much thought and detail was put into how this will affect low and moderate income participants. We just wanted to demonstrate our appreciation for the consideration put into this.

We do have a few limited concerns, particularly on the consumer protection side that we'd like to bring to your attention.

Particularly, beginning with the issue of ownership model, NHLA believes that it's important that any RFP respondents disclose whether the system will likely or foreseeably be sold if the system is not owned by the community participants. It should be clear and explained to whom such a sale will occur. The possibility of a sale in the future could have impacts on how this would effect the participants, and it would be important to know if that is a significant possibility in any proposal.

As far as the direct benefits and costs to the low and moderate income participants in any of these programs, the RFP respondents should describe any initial joining or subscription fees or any ongoing subscription fees or any other additional costs that would be incurred directly by the participants, to ensure that there aren't any unforeseen costs that would perhaps outweigh the benefit of the program.

Also, in describing how the benefits will be provided to the LMI participants, whether it be through group net metering, rental payment reduction, *etcetera*. The RFP respondent should try to address how these benefits accruing to the participants may affect any government benefits that the participants receive. Programs like Food Stamps, TANF, Medicaid, Section 8 eligibility, they are impacted directly on how the participant's income is considered. Or, if their household expenses are considered reduced, that would perhaps negatively impact the participant in a way that outweighs the benefit of participating in the program.

Also, for federal tax purposes, it would be important to consider how the accrual of the benefit to the participant would affect their tax liability going forward.

New Hampshire Legal Assistance also feels that it's important to identify how the management of participant relationships, including income verification, handling of new participants in the program are dealt with. The RFP respondent should have a description of how these changes or the interactions with the participants will occur going forward.

It's also important that the respondents explain whether any funding would be expected to come directly from the participants. And, if so, to what extent and what amount and what is the proposed financing mechanism for that.

RFP respondents should try to address other related consumer protection issues, including the risk of disconnection for electric service for nonpayment involved in on-bill financing. Or, if a financing mechanism like Property Assessed Clean Energy financing is used, whether an imposition of a property tax lien, and the subsequent risk of default on a tax bill or a tax sale or foreclosure could affect participants. But something that we, in NHLA, see fairly regularly is that tax liens cause individuals to lose a home that they may have been living in for 30 years. And ideally, that's something that we would like to try to control for in any of these RFP respondent proposals.

With that, I think those are all of our oral comments today. I can try to answer any questions that you may have for me.

CMSR. BAILEY: Okay. Thanks. I

don't have any questions.

Do you, Commissioner Giaimo?

CMSR. GIAIMO: I do. So, with regard to providing information on how the benefits could affect taxes, tax implications and benefits, how -- do you have any suggestion as to how to -- what that would entail and what would you specifically be requesting?

MR. TOWER: Well, an initial requirement, I think, would be to have the RFP respondent provide a description of the manner in which the benefit is going to accrue. Is it going to be a direct bill subsidy? Is it going to be a reduction of rent? And in drafting their responses to the RFP, they should consider how an increase in income or a decrease in expenses may affect these public benefits.

I understand that, depending on who the respondent is and their resources available to them, they may not have the expertise necessary to know how these -- how this proposal may affect an individual's SNAP benefits, Food Stamp benefits.

But, to the best of their ability, we would like to see them try to address those concerns.

CMSR. GIAIMO: Thanks.

MR. TOWER: Thank you.

CMSR. BAILEY: All right. Thank you.

All right. Next, we have April Buzby, and followed by Doug Smithwood.

MS. BUZBY: Good morning. My name is April Buzby. I am here representing Keene Housing, a public housing authority located in Keene, New Hampshire. I am the Planning and Policy Analyst and oversee our energy projects at the Authority.

I'm here to speak on -- first of all, let me thank the PUC and the PUC Staff for their very thoughtful review and recommendations on low and moderate income housing and how to bring solar and other renewable benefits to them.

I'm here to speak specifically about the direct benefits portion of the Staff Recommendation. Like NHLA, we have some concerns on how any direct benefits -- how any monetary benefit to low and moderate income families, particularly those that either reduce expenses or increase income could potentially be less beneficial to the family than other means of providing them renewable benefits. Depending on how the family receives their public safety net services, any reduction or increase in income could have very significant impacts on them, particularly around their housing, which is where we are certainly concerned.

So, what we would like to recommend is that the PUC take a broader definition of "direct benefits" than may normally be considered. While the idea of providing funding -- providing additional funds to a low income household sounds on its face quite beneficial, there are other ways to directly benefit a low and moderate income family by providing solar, by reducing energy costs, and not necessarily giving them funds.

So, for example, looking at things like "can the cost savings be used for other services that could increase their income so that they are, in the future, more self-sufficient, economically self-sufficient? Such as job training and various other programs.

So, that -- that would be our concern and our recommendations, if possible, that the PUC look at that. And we will follow this up with written comments as well.

And then, I will open to questions, because this gets to a very complex mechanic. So, I'm trying to keep my comments short.

CMSR. BAILEY: Okay. Thank you. To the extent that you can give us ideas on how to deal with that in your written comments, that would be hopeful.

MS. BUZBY: Certainly. Certainly.

CMSR. BAILEY: All right. Thank you.

MS. BUZBY: Thanks.

CMSR. BAILEY: And finally, we have Mr. Smithwood.

MR. SMITHWOOD: Hi. I'm Doug Smithwood. I'm representing the Tuftonboro Community Solar Project that was really formulated to potentially take advantage of this unique opportunity.

I want to just start by saying what the two preceding speakers said, that it's wonderful to finally recognize that the low and moderate income people and also nonprofits have really been excluded out of this funding stream, because they typically aren't capable of taking advantage of the Federal Tax Credit, and, you know, the rebate from the state just doesn't make it happen.

When you look at LMI communities, I think that you have to look at a much broader picture than maybe that's being looked at now. And I want to particularly state my advocacy for community-based low and moderate income solar projects that aren't necessarily associated with residential-owned communities. When you -- so, I know that we -- now this project can apply for grant funding, but it is not in the same tier as residential-owned community grant projects that might become available.

One of the things about having a community-based and not -- is because it's a program-based, where people in the entire community can get the benefit, if they qualify for it. And in our model, we're qualifying people directly that qualify for the state Electric Assistance, you know, right up front. So, you know, that if you go to, in a community, whatever the qual is, whether it's 300 percent of the, you know, the poverty level, or 500 or 600, you're going to have to requalify them potentially as their life changes. But we have a ready source of being able to qualify people for this through the Community Action Associations that prequalifies that. And we also have the capability, by doing this, of giving more assistance to people that need more. So, it's not a flat level of assistance.

By having a nonprofit, in combination with the municipalities, we're building this on town property. There's no property tax, you know, associated with this. We have a lot of flexibility in how we can administer this, too. And like I said before, it's opened up to a lot more people, instead of specifically to people in one, you know, lucky community that have this, got grant funding from this. It's opened up to a much broader community.

We're looking, through utilizing this, the program that we're working on, looking at transitioning people from being energy-dependent, whether they're having to get state assistance or other federal assistance, to be energy-independent, which is, I think, is a kind of unique thing. To do that, we would need your help. There's right now, that I know of, there's no coordination between, you know, grant funding of a program like this and a state Electric Assistance Program. Just to qualify people, the state pays $50 to $55 just to qualify people for that program. And if that could be used to actually bring people to energy independence, they don't have to be qualified over and over again, I think it would be helpful.

You know, and the utilities mentioned, you know, an issue about, you know, billing, and the difficulty of trying to do, you know, on-account billing, or whatever the term is. They already do billing for the state Electric Assistance. And, you know, it's unique and it appears to be a very implicated program. So, they already have to do that, administer the billing for that kind of program. If we tied those two together, the state Electric Assistance Program that would qualify people, you know, for us, to community-based solar projects, it could be a unique partnership.

We're looking at building this in the New Hampshire Electric Co-op. The New Hampshire Solar Shares is a program that's already been working with the Co-op. The Co-op actually initiated, you know, seeking out how to benefit low and moderate income families who were struggling with their energy needs and other needs. So, this is, you know, a great model of a utility, a member-owned utility actually making a pathway to make this happen. And it's not limited to, you know, just one project. There's no commitment to just, you know, one and no more than one. And this will be actually the second one the Co-op is working on.

The two preceding people that spoke, with the tax implications, that is a big deal, and you hear about it all the time. That, you know, a lot of people that are struggling and they're trying to improve their life, as soon as they start getting any kind of financial capability, their support system falls apart, because the Federal Guidelines and other guidelines have such tight windows. So that if you actually are getting a second job, it means you lose some of your assistance for housing, for electricity.

One of the ways to do that is, instead of billing for monetary billing, which has a tax implication, is to bill on kilowatt-hours. I have solar panels on my roof. I pay no taxes for the electricity I generate on my own roof. But it's all, you know, it's behind the meter, but it's in kilowatt-hours. So that you wouldn't be actually crediting them necessarily money, you'd be crediting them electricity. That's just a possibility. I don't know if that would work. But that's one of the things that we were thinking about.

So, I would like you to reconsider, though, just to kind of wrap this up, the special points in the grant program for residential-owned communities. I don't want, you know, the community-based solar projects that are for low-income families to be, you know, elevated, but I don't want them to be on a lower tier either. I think that, you know, when we go into this, we should all be on an even foot, and just let the proposals in and of themselves determine what kind of fit it is. I mean, it was cited that, you know, if it was a residential-owned community, administration might be easy -- easier.

But you haven't seen a model of what a nonprofit can do. And the nonprofits are volunteers. So, the administration cost is, you know, coffee and doughnuts, typically, at a meeting. So, there can be advantages to not having it on-site. So, I'd just like to have an equal playing field for that.

That's the basic gist of what I'd

like to say. And if there's any questions, I'd like to answer them.

CMSR. BAILEY: About your suggestion to credit with kilowatt-hours, rather than reduce the bill, won't that reduce the bill going forward? Because, if you use less kilowatt-hours next month or in the winter, doesn't that have the same effect as increasing income or decreasing expenses?

MR. SMITHWOOD: I think the -- I think the concern was the tax implications. And when you get a monetary distribution, you have a tax implication. Like, when you give us the state rebate if we put solar on our roof, we have to pay taxes on that state rebate.

So, when you are not giving a monetary, but you're giving a different kind of value, you're giving a kilowatt-hour, it wouldn't necessarily, but it might have a monetary implication.

The other thing that I was, you know, that doing energy efficiency, our model is three tiers of energy efficiency. That for people to stay in this program, you know, between the second year in the program and the fifth, they have to go through three stages of energy efficiency. The money you save by not utilizing the electricity is not taxed. You know, it's money you'll have forever.

So, the other programs that, you know, potentially in a residential-owned community don't necessarily have any kind of energy efficiency program or like a network to do that, a group that's really promoting energy independence as an ultimate goal, with a combination of generating your own electricity and really efficiently using the energy that you use, you know, so that you can have a comfortable, you know, lifestyle.

CMSR. BAILEY: Okay. Thank you.

CMSR. GIAIMO: What I think I heard you say is you're not sure whether or not a kilowatt-hour credit would have a tax implication, but you'd like it to be considered in more detail --

MR. SMITHWOOD: It's a possibility.

CMSR. GIAIMO: -- and work through --

MR. SMITHWOOD: And I know from

personal experience that I don't have to pay any tax on the generation that I make from my own solar panels. It's a savings. There's not like "what would be the fair market value of the generation that you make?" There might be a way -- the value of generation is really quite low, three or four cents. So, if there was a tax implication, you might be able to tailor it towards that, which would have much less tax implication of people who are very concerned about that, you know, by having any kind of benefit, it actually takes some other benefit away, and it makes it hard to get out of the kind of a track they're in.

CMSR. GIAIMO: Thank you.

CMSR. BAILEY: All right. Thank you, Mr. Smithwood.

Is there anybody else who's changed their mind and would like to speak? Anybody have anything to add?

MR. TOWER: Hello. This is Steve Tower at New Hampshire Legal Assistance.

CMSR. BAILEY: Can you get closer to the microphone please?

MR. TOWER: I'm sorry. Is that better?

CMSR. BAILEY: Yes.

MR. TOWER: This is Steve Tower, New Hampshire Legal Assistance, again. I just wanted to add that we will be filing our final written comments to the docket list after we handed out our preliminary comments earlier. And I just wanted to add that.

CMSR. BAILEY: Okay. Great. Thank you. And I'll remind everybody that you have until Tuesday, March 6, to file written comments.

Is there anything else we need to do today?

[No indication given.]

CMSR. BAILEY: All right. With that, I thank you for your comments. And we'll close the hearing, and look forward to your written comments.

(Whereupon the hearing was adjourned at 10:43 a.m.)