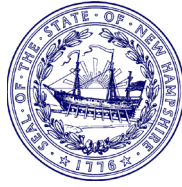


STATE OF NEW HAMPSHIRE

COMMISSIONER
Jared S. Chicoine

DEPUTY COMMISSIONER
Christopher J. Ellms, Jr.



DEPARTMENT OF ENERGY
21 S. Fruit St., Suite 10
Concord, N.H. 03301-2429

TDD Access: Relay NH
1-800-735-2964

Tel. (603) 271-3670

FAX No. 271-1526

Website:
www.energy.nh.gov

August 31, 2022

Daniel C. Goldner, Chairman
N.H. Public Utilities Commission
21 South Fruit Street
Concord, NH 03301

Re: DE 22-004, Public Service Company of New Hampshire d/b/a Eversource Energy
Implementation of the Clean Energy Fund
Department of Energy Recommendations

Dear Chairman Goldner:

Pursuant to the Commission's procedural order issued on August 1, 2022, the Department of Energy (DOE) was requested to file a proposed procedural schedule for implementation of the Clean Energy Fund with respect to the programs approved in Order No. 26,577 (February 4, 2022) as well as recommendations regarding the future inclusion of a low-moderate income (LMI) program for Eversource's residential customers, funded at \$750,000, and a financing program for its commercial and industrial customers, funded at \$1.6 million. This letter is submitted to provide those recommendations.

I. Approved Program Implementation

With respect to the three approved programs, based on information provided by Eversource, the following is a summary of the implementation status and anticipated timeline for each such program:

On-Bill Financing Arrangement for Residential Customers (\$1,100,000 funding)

Eversource has been implementing the technical infrastructure needed to track and support this new financing offering for residential customers, including the on-bill component. Eversource has entered into a contract with an existing financing vendor, National Energy Information Fund (NEIF), to originate and service residential loans for this program.

Eversource is also working with NEIF to develop a webpage which will include program information and a portal through which both customers and contractors may apply. The eligible measures are batteries, heat pumps, and wood pellet heating systems. Eversource anticipates being able to accept customer applications in the fourth quarter of 2022.

Battery Rebate Program for Residential Customers (\$750,000 funding)

Eversource intends to leverage the efficiencies of an existing vendor relationship by expanding the contract with the current Residential Active Demand Response vendor, Energy Hub, to provide battery rebates. This program is expected to be available to customers in the fourth quarter of 2022.

Energy Storage Rebate Program for C&I Customers (\$1,000,000 funding)

Eversource intends to leverage the efficiencies of an existing vendor relationship by expanding the contract with the current Commercial and Industrial (C&I) Active Demand Response vendor, Generac Grid Services, to provide battery rebates. This program is expected to be available in the fourth quarter of 2022.

In view of the current status and anticipated timeline for implementation of those three programs, the DOE submits that no further process before the Commission with respect to those programs is necessary within the foreseeable future. An annual report regarding the status of the Clean Energy Fund and all supported programs will be filed by May 1, 2023, consistent with Order No. 26,577 as modified by Order No. 26,636.

II. LMI Program and C&I Financing Program Recommendations

Following further consultation with interested stakeholders, the DOE hereby recommends that the Commission approve the remaining two programs to be funded by the Clean Energy Fund, as described below:

Low-Moderate Income Program for Residential Customers (\$750,000 funding)

The DOE, Eversource, and other stakeholders propose that the LMI program be implemented by the Community Development Finance Authority (CDFA), utilizing the \$750,000 LMI funding allocation to leverage existing programs currently supporting organizations and projects that benefit LMI residents in the Eversource service area.

The program funding would be used primarily to buy down the cost of solar photovoltaic (PV) projects, battery/storage systems, and other clean energy technologies such as air source heat pumps (and ancillary or associated energy efficiency measures), to the extent they are not otherwise fully funded by state programs, as part of a funding or financing package with the intent that recipients would own the resources and therefore obtain the most benefit from their investment

CDFA would improve access to LMI solar and other eligible projects by using existing mechanisms to identify projects serving LMI residents and by providing a central resource for combined project funding and financing.

LMI program support would be limited to:

- Projects located in Eversource's service territory;
- Projects supporting affordable housing and potentially also transitional housing or community facilities;
- Projects supporting LMI residents as determined by an income survey or other documentation used by CDFA to determine benefits for LMI residents;
- Grants or credit enhancements would reduce the cost of solar projects (e.g., by replacing the investment tax credit/accelerated depreciation value) or other clean energy technologies; and
- Projects would be located on or within sight of the beneficiary property and/or the project would provide a strong educational component connecting LMI beneficiaries with the project.

The proposed CDFA-administered LMI program would allow organizations already planning capital projects serving LMI residents to expand their long-term investment by supporting the transition to clean energy and enabling them to own their solar PV system or other clean energy project, with greater direct benefits than would be available under a third-party power purchase agreement. The program also would allow clean energy specific projects to combine funding and financing resources from the same source, while leveraging public and private capital from CDFA's existing clean energy financing pools.

Funding would primarily be used to complement existing programs benefitting LMI residents; accordingly, administrative costs for new program development should be limited. It is currently estimated that the allocated Clean Energy Funds could support approximately seven solar PV projects of under 100 kW each with grants covering approximately 35% of project costs, and it is anticipated that the funding would be expended over a three- to five-year period. Further details regarding the LMI program would be developed by CDFA in collaboration with DOE, Eversource, and interested stakeholders.

The DOE, Eversource, and other stakeholders concluded that, given the relatively small amount of funding available and the potential challenges of LMI project funding, it was preferable to select the CDFA proposal rather than issuing a request for proposals (RFP) or engaging in some other type of competitive solicitation process to select a program sponsor or administrator.

Financing Program for C&I Customers (\$1,600,000 funding)

The DOE, Eversource, and other stakeholders propose that an RFP be issued by Eversource to competitively solicit proposals to provide financing for Eversource C&I customer projects. Projects eligible for financing support would include customer costs for energy efficient or clean energy resources such as, but not limited to, solar PV, air source heat pumps, and battery/storage systems, to the extent they are not otherwise fully funded by other state programs.

The Clean Energy Funds could be used to support interest rate buydowns for third-party financing, use of the capital for revolving loans for eligible projects, or other alternative approaches designed to reasonably maximize the benefits of financing support. It is anticipated that the third-party proposers would perform loan underwriting and administration functions, while loan repayment may be made through Eversource on-bill processes or through other mechanisms.

It is currently anticipated that an RFP would be further developed with stakeholder input and issued within 30 days of Commission approval of this program design. Proposals would be received by the end of the year and one or more proposals selected for implementation without undue delay thereafter.

Recommendations Regarding Unapproved Programs

The DOE recommends that the Commission approve for implementation the LMI program for residential customers and the financing program for C&I customers, as described above. Those programs meet all four of the relevant criteria as set forth in the 2015 Settlement Agreement at page 25:

1. Support innovation in achieving clean energy benefits;
2. Leverage various sources of funds, including attracting private capital to the fund and to programs supported by the fund;
3. Expand access to clean energy technologies across customer classes in a cost-effective manner; and
4. Avoid undue costs.

The DOE further recommends that the Commission approve those programs without a further hearing or other process through the timely issuance of an order *nisi*.

Consistent with current Commission policy, this letter is being filed only in electronic form. Thank you for your attention to this matter.

Sincerely,

/s/ *David Wiesner*

David K. Wiesner
Legal Director/Sr. Hearings Examiner

cc: Service List

ClerksOffice@puc.nh.gov
amanda.o.noonan@energy.nh.gov
andrew.hamilton@mclane.com
anne.pardo@mclane.com
banderson@nepga.org
barry.needleman@mclane.com
bill.glahn@mclane.com
catherine.corkery@sierraclub.org
cbaia@concordnh.gov
cboldt@dtclawyers.com
chris@cleanenergynh.org
Christopher.aslin@doj.nh.gov
david.j.shulock@energy.nh.gov
david.k.wiesner@energy.nh.gov
ddolan@nepga.org
Dean.murphy@brattle.com
donald.m.kreis@oca.nh.gov
dpatch@orr-reno.com
elizabeth.r.nixon@energy.nh.gov
elizabeth.tillotson@graniteshorepower.com
Energy-Litigation@energy.nh.gov
fedelblut@gmail.com
gilfavor@comcast.net
jay.e.dudley@energy.nh.gov
jeb.bradley@leg.state.nh.us
jessica.chiavara@eversource.com
jim@dannis.net
jkennedy@concordnh.gov
josh.stebbins@sierraclub.org
jvanrossum@clf.org
katherine.peters@eversource.com
kelly@cleanenergynh.org
lisa.cameron@brattle.com
marc.lemenager@eversource.com
marisa.paruta@eversource.com
matthew.mailloux@osi.nh.gov
mayor@manchesternh.gov
mbirchard@keyesfox.com
Michael.Harrington@puc.nh.gov
mike@ridgesend.com
mkahal@exeterassociates.com
MSmith@orr-reno.com
nhregulatory@eversource.com
nkrakoff@clf.org
ocalitigation@oca.nh.gov
pjaesd@comcast.net
rick.white@eversource.com
rmunnely@davismalm.com
sam@cleanenergynh.org
sandra.gagnon@eversource.com
sarah.knowlton@libertyutilities.com
sgeiger@orr-reno.com
stephen.bruno@eversource.com
stephen.r.eckberg@energy.nh.gov
thomas.c.frantz@energy.nh.gov
tirwin@clf.org
zachary.fabish@sierraclub.org