

Jared Chicoine
Commissioner
New Hampshire Department of Energy
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

May 30, 2022

RE: Solicitation for Public Comments

Dear Mr. Chicoine,

ReVision Energy is honored by the invitation to provide comments on the costs and benefits of the LMI adder, the development of the market for LMI community solar, as well as recommendations on whether the adder should be adjusted upward or downward. We are pleased to provide the required information to help the Department in preparing its report on the LMI program to the House and Senate Standing Committees with jurisdiction over energy and utility matters.

As a certified B-Corporation, ReVision Energy is committed to the development of the LMI solar market in New Hampshire. We aim to help address the systemic environmental and social injustice in our communities and narrow the inequality gap by developing solar for LMI families and communities. As a result, we have successfully partnered with a few organizations in New Hampshire to complete LMI solar projects with further interest in continuing to support the development of many more solar projects for LMI electric customers.

We believe that the State's LMI solar program is a strategic approach to bridging the inequality gap in the energy transition. While the LMI solar program has recorded a few success stories since its implementation, a myriad of challenges also exists. Broadly, the challenges include:

1. Significant costs involving project development, recruitment of participants, income verification, and ongoing administration of the program.
2. Narrow eligibility criteria, which inadvertently excludes a significant group of extremely poor LMI families and invariably breeds dwindling interest in the program.
3. Insufficient funding including the NH Department of Energy LMI grant program.

To adequately meet the intended goals of the LMI program, an immediate review of the program is necessary to address the above major challenges and related ones. Please see below details of the challenges associated with the LMI program and recommendations for your consideration.

Thank you for representing the State in ensuring an equitable energy transition.

Sincerely,



Jude Nuru
Director, Community Solar

Dan Clapp
Co-Founder

Dan Weeks
VP, Business Development

Josh Meehan
ED, Keene Housing

1. Costs Associated with Project Development, Customer Acquisition and Ongoing Administration

There are several cost layers associated with the development of the LMI solar program, some of which are difficult to determine upfront. While project development costs such as site preparation including structural analysis can easily be identified from the outset and be factored into the request for the grant funds, customer acquisition, income verification, and ongoing administration among other subtle costs are often hidden costs that are hard to estimate. These categories of unforeseen costs can easily delay the execution of the project if not entirely derail it. From experience, the unbudgeted costs can range from \$10,000 to \$50,000 depending on the system size and the availability of existing administrative structures. The situation becomes worse if the beneficiary organization has zero internal administrative setup. The complex administrative requirements pose a deterrent to prospective organizations wanting to explore the LMI solar program.

2. Barriers to LMI Project Development

The development of LMI community solar comes with several barriers that need to be mediated. These barriers include site acquisition, membership acquisition, income verification, and limited funding opportunities. While funding has always been a fundamental requirement when planning for any type of solar ownership, most qualified LMI families have roofs that are not compatible with rooftop solar installation and may require a third-party site ownership and investor financing, which can complicate the distribution of the benefits and limit the financial benefits to LMI families. In a few cases, land might be available but far removed from the appropriate utility lines¹. In general, LMI families comprise households that earn less than 80% of the area medium income (AMI) and can hardly pay for the investment costs of solar projects. Being tax disadvantaged, LMI families are unable to leverage the Federal Income Tax Incentives.

In addition, acquisition of LMI customers is an onerous task, as identifying participants is not easy. Unless done through a Public Housing Authority (PHA) or other affordable housing provider, the recruitment process is quite cumbersome. Several LMI families are scattered in single-family homes or apartments and recruiting them to form a group for a group net-metering solar program is difficult if not impossible. Furthermore, there are confidentiality and privacy issues when it comes to verifying income and accessing the electricity accounts of several independent eligible participants. Unless working through a PHA, individual households are often unwilling to disclose their income and make their electricity accounts available for the purpose of enrolling them into the group program.

¹ Utility interconnection costs in NH, which are not subject to any government or third-party oversight, have increased exponentially in recent years. For example, the cost of utility system impact/facility studies frequently exceeds \$30,000 with a duration of 3-5 months; three-phase line extensions are quoted around \$1 million per mile with an upgrade timeline of 1 year or more; and multiple reclosers are routinely required to upgrade fuses miles away from the point of interconnection at a cost of \$150,000-\$200,000 each, also on a 1-year timeline or longer. These costs, which must be paid in full before any work commences, are often multiple times higher than nearby states that have adopted Model Interconnection Procedures from the Interstate Renewable Energy Council (IREC) and other independent bodies.

3. Barriers to Participation in LMI/DOE LMI Grant Program and the LMI Adder for Group Net-Metered Projects

Participation in either the LMI adder program or the DOE's grant program is constrained by several factors. First, the expectation required of the host as it relates to ongoing administration and allocation of the benefits to the members is a daunting task, especially considering the relatively rapid turnover of LMI-eligible housing units, the large majority of which are multi-family rentals. Consequently, many prospective beneficiaries shy away from participating in the program due to the task requirements.

Second, the substantial upfront capital required to develop an LMI community solar program is a deterrent, despite the long-term benefits. While the 2.5 cents LMI adder is meant to incentivize investors to develop LMI solar programs, the assignment of on-bill crediting of the benefits directly to the LMI user electric accounts complicates allocation of the benefits by the host/investor. The alternative of taking utility payments directly by the host brings with it negative tax implications and the additional administrative burden of disbursing benefits according to a formula agreed-upon by all members and consistent with the 12% minimum allocation threshold under SB 165

Third, funding from the DOE's grant program is insufficient to cover the full cost of most projects, especially those with enough scale to benefit more than a few LMI families. As such, there is always a financing gap which leads to soliciting of matching funds from the donor community with high administrative costs and uncertainty. In the absence of donor support, a third-party equity investor is resorted to, and in the process diminishes the benefits available to the LMI participants.

Fourth, the narrow eligibility scope excludes significant potential applicants. The requirement that eligible participants must be residential end-users, who directly purchase power from a utility tends to exclude the extremely low-income families whose electrical accounts are usually handled by a centralized body such as a PHA. The same goes for LMI customers who are served by a master meter. By the subjective interpretation of state regulators, PHAs and other affordable housing providers that have hundreds and thousands of LMI opportunities are unfortunately determined to be ineligible applicants whenever residents do not pay their electric bills directly as is generally the case, despite their electrical costs being included in the rent.

This stringent requirement seriously undermines the intent and purpose of the LMI community solar program. As a matter of fact, while LMI residents do not directly pay the utility for the power they use, their rents are adjusted to account for their energy consumption, as PHAs do not provide free electricity. Instead, PHAs add to the rent an estimate of what the residents will use on average over the course of the year. Thus, LMI participants are responsible for their own electricity bills based on their individual power use. At present, the only entities that have been able to participate in the LMI program, especially the DOE's grant program are the resident-owned communities (ROCs). The ROCs, however, present limited opportunities, because they are saddled with a range of challenges including lack of adequate roof and or ground sites, with the most daunting task being how to navigate the administrative burden. If a ROC does not already have a highly organized and motivated cooperative structure, it is very challenging to apply for, much less administer the program. ReVision's experience vetting all 139 New Hampshire ROCs for their solar potential and attempting to communicate with dozens of ROCs over multiple years, in close coordination with the NH Community Loan Fund, unfortunately confirms the difficulty of deploying the state's LMI solar incentive to even those entities deemed highly eligible for participation.

4. Anticipated LMI Adder Program Benefits to the Host, Developer, and Utilities

The definition of direct quantifiable benefits in the LMI rulemaking is problematic as the term is broadly defined to include the **provision of direct, quantifiable benefits, such as rental payment reductions, building improvements, energy efficiency measures, wireless internet access, investments in new affordable housing units, or resident services**, but narrowly interpreted in the selection process to mean only participants responsible for payment of their own electric bills. We respectfully disagree with this subjective interpretation, which goes against what we understand to be the intent of SB 165 and its prime sponsor. Indeed, from the utility's perspective, each residential unit with its own utility meter, account number, and residential rate class designation is considered a residential end user even if the bill itself is paid by another entity. This is a major limiting factor, which renders the implementation of the LMI adder program unrealistic and unattractive, especially because many of the lowest-income Granite Staters would have to forfeit essential public supports if they were to pay their electric utilities directly and realize a reduction in cost through LMI solar. In the current form of the rulemaking and in light of New Hampshire's low net metering and REC values, it is difficult to imagine LMI solar programs becoming financially sound and getting built.

Although the intent of the adder is a worthy cause, the interpretation of the rules makes the additional value unattractive to investors and developers. If the rules would be revised to explicitly include PHAs and other affordable housing providers who pay for the electricity on behalf of LMI residents, many more LMI projects would be built and hence the adder would be beneficial to the developers and utilities as well, since there would be more projects to be built. To further make it attractive, the adder value could be increased either to the original 3 cents or even higher.

5. Financial Impacts on LMI Adder Participants

Based on ReVision's experience working with multiple public housing authorities in New Hampshire, families at the bottom of the income ladder who qualify for various forms of public assistance will see a reduction in such supports proportionate to any savings they realize through the LMI solar program if they pay their electric utilities directly. This fact, along with the considerable administrative burdens outlined above, is the primary reason why housing authorities have yet to successfully participate in the LMI program despite multiple applications submitted to the DOE.

6. Information Regarding Specific Projects Intending to Utilize the LMI Adder

Since SB 165 was signed into law, ReVision has been in discussion with dozens of housing authorities, ROCs, nonprofits, and mission-driven investors across the state who are interested in developing solar projects for the benefits of LMI customers. However, it remains prohibitively challenging to recruit and manage customers who meet the DOE's narrow eligibility definition by directly paying their bills. We continue to pursue multiple ground-mounted solar projects intended to serve hundreds of LMI customers in collaboration with PHAs, NH Community Loan Fund (NHCLF), and various ROCs. The PHAs, however, pay the electric bills for the vast majority of their residents and as such, the projects might not be eligible for the LMI adder under the current interpretation of the rules. As mentioned before, the ROCs with whom we have been in contact through NHCLF have so far proved unable to overcome the administrative hurdles and privacy concerns noted above. The only project we are actively developing with funding from the DOE grant program is the ORIS LMI Farmers' community solar project in Dunbarton. The project

which was only made possible after an extensive fundraising campaign to secure matching funds from private individuals and foundations, is estimated to be completed by the end of summer 2022 and utilize the LMI adder.

7. Recommendations

In view of the aforementioned challenges that characterize the LMI solar program, we make the following recommendations for consideration by the DOE to improve upon the program and achieve its intended goals.

a. Review the eligibility criteria: We believe that a review of the selection criteria to allow participation by PHAs and other affordable housing providers, which typically purchase electricity on behalf of their residents will have far-reaching impact on the LMI program than it is currently being administered. In its current form, the program appears to favor ROCs where tenants typically pay their own bills. However, given the limited opportunities in the ROC domain due to lack of administrative bandwidth and privacy concerns, we recommend that the eligibility criteria is revised to allow full participation by PHAs and other affordable housing providers, regardless of the electric rates payment status of their residents. There are far more LMI opportunities with the PHAs and other affordable housing providers than the ROCs, because the former have well organized administrative structures in place that can easily handle the extraneous administrative burden associated with recruitment of participants, income verification, and ongoing administration of the program. Besides, the PHAs and other affordable housing providers generally serve some of the extremely low income populations in the state who need the most assistance with the transition to clean energy.

Another advantage is that PHAs and other affordable housing providers have a single point of contact in terms of meeting the annual reporting requirements. It is needless to stress that by their nature, PHAs and other affordable housing providers have sufficient capacity to efficiently manage the program and allocate the benefits to the LMI members with more ease than many organizations managing LMI members in the state. Thus, the involvement of PHAs and other affordable housing providers will significantly eliminate some of the hurdles that currently militate against the smooth implementation of the LMI program.

Relatedly, in reviewing the eligibility criteria, it is important to consider the situation in which LMI residents are served by a master meter where the benefits will still flow to the individual members. There should be more emphasis on how the PHAs can demonstrate the allocation of quantifiable benefits to the LMI members rather than who purchases the power and/or pays the rates. As highlighted earlier, even though PHAs might be purchasing the power and are responsible for paying the bills, they only do so on behalf of their most vulnerable residents, many of whom are often disabled or advanced in age and can hardly deal with the requirements of power purchase issues. While the LMI tenants do not directly purchase the power from a utility, they are often the ultimate end-users.

b. Increase the DOE LMI grant funding amount: To avoid delay in the implementation of the grant program, as well as remove third-party investor interest in the program, ensuring that the full benefits flow directly to the LMI participants, we recommend an increase in the grant amount. Based on our experience with a few of the DOE grant LMI projects, we typically build 100kW AC capacity for the LMI communities, offsetting all or significant kilowatt hours of annual consumption. A realistic amount to build a system at that scale in the current inflationary environment ranges from \$350,000 – 450,000, assuming proximity to a three-phase utility distribution circuit; if utility upgrades are required, the cost climbs considerably. We believe that if this range of grant is awarded, many of the costs associated with the program implementation

would become manageable. Such grants would also enable larger systems benefiting hundreds of LMI residents and financed by mission-aligned investors, despite declining federal tax incentives.

c. Retain the LMI adder: We consider the LMI adder to be the most important element of the LMI program that can pitch the interest of investors in the program. As such, we recommend that the adder is retained and perhaps return the amount to the original value of 3 cents/kwh.