

DEPARTMENT OF ENERGY  
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## Request for Public Comment on Improvements and Potential Changes to Renewable Energy Fund Programs

Comments Due September 29, 2023

With the creation of the Department of Energy (Department) in July 2021, responsibility for the administration of Renewable Energy Fund (REF) funded programs was transferred from the Public Utilities Commission to the Department. The purpose of soliciting these comments is to assist the Department in ascertaining whether programs are continuing to meet their objectives. Comments received may be used to improve and enhance the effectiveness of REF programs, as well as determine which programs should be expanded or discontinued. These comments should not be bound by current statute, although there should be a recognition by commenters that any proposed modifications may require statutory change.

### Background:

In 2007, New Hampshire established its Electric Renewable Portfolio Standard (RPS). The legislature found it to be in the public interest to stimulate investment in low and zero emissions renewable energy generation technologies within the state.

The RPS statute ([RSA 362-F](#)) established four classes of renewable energy resources, with Class I split into a separate electricity requirement and thermal energy requirement. Electricity suppliers must obtain Renewable Energy Certificates (RECs) for each of the four classes as a set percentage of their retail electric load. One REC represents the renewable attributes of one megawatt-hour of electricity or the equivalent amount of thermal energy.

If electricity suppliers cannot, or choose not to, purchase or obtain sufficient RECs to comply with the RPS law, they must make Alternative Compliance Payments (ACPs) to the REF. On an annual basis, the Department reviews electricity suppliers' compliance with the previous calendar year's RPS requirements. Electricity suppliers include New Hampshire's competitive electric power suppliers and electric distribution utilities (Eversource, Liberty Utilities (Liberty), Unitil Energy Systems, Inc. (Unitil), and the New Hampshire Electric Cooperative (NH Electric Cooperative)).

The REF is a continually appropriated, dedicated, non-lapsing fund which is used to support electrical and thermal renewable energy initiatives. ACPs and the interest accrued in the REF are the only sources of funding and fluctuate from year to year, depending on the price and availability of RECs in the regional market.

Under the REF, the Department administers two active residential rebate programs, two C&I rebate programs, and two competitive grant programs. Projects installed with incentives from the REF are eligible facilities which may become certified, to generate additional RECs. This is a core function of the programs funded out of the REF: to incentivizing the installation of new renewable facilities that enables New Hampshire to continue to meet its increasing RPS goals.

### **Request for Comments:**

Mindful of that core function, the Department is soliciting feedback as to how the current programs are accomplishing their goals, as well as suggestions for improvement. To do so, the Department is requesting public comment on the programs to ensure that each dollar spent makes the difference between whether a project moves forward, or not. REF resources are finite and using them in a way that incentivizes new projects might not have otherwise been completed is critical. In a similar vein, technology has also changed since these programs were first established and they may need to change to incentivize and help develop the market for emerging technologies.

### **Submission Instructions:**

Please submit all written comments by 4:30pm on September 29, 2023 via email to [jody.m.carmody@energy.nh.gov](mailto:jody.m.carmody@energy.nh.gov) with the subject line “REF Public Comments” All comments must be submitted in a searchable pdf format. Please note that all written comments submitted are subject to New Hampshire’s ‘Right to Know Law’ RSA 91-A. Please do not include in your comments any proprietary or confidential information. Comments will be posted on the Department’s website.

### **The Framework:**

The Department has provided a series of questions in which the Department is particularly interested in receiving feedback. This framework is intended a guide. Comments on other relevant issues are also welcomed.

Each of these existing programs has a different set of constituencies that utilize the programs. It is not expected that an individual or organization may have thoughts about each program, or even every question on a program. There is no obligation or expectation to provide feedback on questions outside of your area(s) of interest or expertise.

### **Residential Solar/Wind Rebate:**

Current Program Design: *Solar electric PV and wind turbines systems, \$0.20 per watt up to a maximum of \$1,000, or 30% of the total cost of the facility, whichever is less.*

Background: Residential solar has seen a rapid growth for a variety of factors, including, but not limited to, a decrease in cost for installation, favorable federal tax credits and deductions, the availability of a net-metering tariff at the state level, competition from a large eco-system of installers vying for business, and a variety of available financing options. Current state statute also mandates all installations are eligible for rebates, provided they have not yet received one, including those systems installed years ago. While still costly to install, the residential solar market has now matured, leading to the need for program reassessment.

Questions to consider:

- Given market maturity, and mindful of the goal of making investments to make projects possible, should the Department seek to overhaul the current program?
- Should the program increase the rebate amount while also requiring means testing to target the rebates?
- If so, how could means testing be done in an efficient way, while safeguarding personally identifiable information (PII)?
- Is there a rebate amount and an income threshold for eligibility that can incent development that would not have otherwise happened? Would a sliding scale approach be effective?
- Should something else entirely take its place as a rebate for residential customers and if so, what should it be?
- Should a ‘battery storage paired with renewable technologies rebate program’ take the place or supplement the current or revised program?
- LMI solar for individual homes (rather than community solar) is also an option, but program design is notoriously difficult. Is this something that the Department should invest time and effort in developing?
- Are there states that have models worth emulating? Conversely, are their failed models that should be avoided?

### **Residential Wood Pellet Rebate**

*Current Program Design: 40% of the eligible system cost and installation, up to a maximum rebate of \$10,000. The program also provides a supplemental adder of \$100 per ton for fuel storage systems larger than the 3 ton minimum requirement, up to a maximum of \$500.*

Background: Residential wood pellet rebate program has seen sustained utilization. The Department generally sees increase interest when fossil fuel heating products (oil, kerosene, natural gas and propane) are high and this past year was no exception. While costly to install upfront in comparison to a natural gas, propane, or oil furnace, the lower cost of the fuel can provide consumer savings in the long term.

Questions to consider:

- Generally speaking, the Department considers this rebate program to be operating effectively and efficiently. Is this a correct assessment?
- If it is a correct assessment, are there any areas where the program can be improved to further the goal of incenting new development that otherwise would not occur absent this rebate program?
- If this is an incorrect assessment, what revisions should be made to the program?
- Should adders be included to encourage the transition from particularly dirty heating fuels, specifically coal?

## **Commercial Solar**

*Current Program Design: PV systems less than or equal to 500 kW AC, and solar thermal systems less than or equal to 100 kW AC or thermal equivalent. Incentive levels for PV systems of \$0.20/watt (lower of AC and DC) for new solar electric facilities, up to a maximum rebate of \$10,000. Expansions to existing solar systems are not eligible. Incentive levels for solar thermal systems of \$0.12/rated or modeled kBtu/year for new solar thermal facilities fifteen collectors in size or fewer; \$0.07/rated or modeled kBtu/year for new solar thermal facilities greater than fifteen collectors in size; and expansions to existing solar systems are not eligible.*

Background: Similar to residential solar, commercial solar has seen a rapid growth for the same factors detailed above. While still costly to install, the solar market has now matured, leading to a need to reassess the program.

Questions to consider:

- Given the market's maturity, and mindful of the goal of making investments to make projects possible, should the Department seek to overhaul the current program?
- Should the program increase the rebate amount while also targeting this program to small businesses?
- If so, what would be an effective benchmark to use to target this rebate program?
- Should something else entirely take its place as a rebate for commercial customers that would be more attractive and useful to business owners?
- Should battery storage paired with renewable technologies take the place of or supplement the current or revised program?

## **Commercial Wood Pellet**

*Current Program Design: Non-residential bulk-fuel fed wood pellet boilers and furnaces rated 2.5 MMBtus/hour or less. 40% of the eligible system cost and installation, up to a maximum rebate of \$65,000. The program also provides supplemental adders for storage and metering.*

Background: Unlike the residential wood pellet program, the Commercial wood pellet program has only seen tepid response in recent years, with only five rebates awarded in the last three years. Prior to the COVID-19 pandemic, an average of four rebates were awarded per year.

Questions to consider:

- What is the cause for the drop off in interest in this program? Is there a residual impact from COVID-19 pandemic or something else?
- If the drop off in interest is non-pandemic related, what are the hurdles for businesses participating in this rebate program?
- Are there program design changes that could improve interest in the program and/or overcome those hurdles?
- Should something else entirely take its place as a rebate for commercial customers that would be more attractive and useful to business owners?

### **Low-Moderate Income Community Solar Program:**

In October 2022, the Department completed a review of the Low-Moderate Income Community Solar Program and received substantive feedback from stakeholders with program design changes informed by that feedback. Given this recent in-depth review, the questions posed by the Department here are more limited than in other program areas.

- Are the changes made as a result of that review process working as intended?
- Is there a consistent funding level that Department should target to encourage project development?

The Department is leading an application for the EPA's [Solar for All program](#). Funding is being awarded on a competitive basis. If New Hampshire's application is awarded funding, additional federal dollars will be used to scale up this program. Those federal funds come with a variety of restrictions and compliance requirements ([such as BABA, Davis Bacon, etc.](#))<sup>1</sup> that are not part of the current program.

- Should the Department mix the federal and state funds, making the total program funding available larger, but at the expense of extending those federal funding requirements to the state funds as well?
- Or should the Department keep the funding sources as separate as possible, leaving one batch of successful applications solely funded with state funds and the remaining with federal funds? If so, how should a successful application's funding source be determined?

### **Non-Residential Competitive Grant:**

The Department has seen consistent, high-quality applications to this program with most years seeing greater requests than available funding. Potential improvements could be made to build on that success.

- Generally speaking, the Department considers this grant program to be operating effectively. Is this a correct assessment?
- If it is a correct assessment, are there areas where the program can be improved to further the goal of incenting new development that otherwise would not occur absent this rebate program?
- If this is an incorrect assessment, what needs to be changed in the program?

### **Local Government Specific Programs:**

Local government (i.e., counties, school districts, towns, cities, village districts, etc.) make semi-regular use of the Commercial and Industrial rebate programs and regular use of the non-residential competitive grant program. Local governments are increasingly aware of their energy costs and pressure to reduce property taxes is ever present.

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<sup>1</sup> Please see the "Solar for All RFA", page 63-64

#### Questions to Consider:

- Should the Department create stand-alone solar and wood pellet rebate programs for local governments with higher limits than provided for commercial and industrial users?
- If so, what should the rebate maximums be for such programs?
- Should enhanced rebate amounts be made available to communities with fewer resources?
- If so, what rebate amounts would make the difference for those communities? How should those communities with fewer resources be selected?

#### **Co-located battery storage:**

Battery storage is increasing in prominence as a complement to renewable energy generation, although it is still in its early stages. The Department is currently engaged<sup>2</sup> on several fronts regarding battery storage. In order to incentivize and assist battery storage market development, the Department is interested in examining the possibility of establishing a rebate program. Adding a program such as this would require statutory changes governing the Renewable Energy Fund.

#### Questions to Consider:

- Should this be a separate, technology-neutral program or does a requirement for it to be paired with renewable energy generation seem reasonable?
- Should there be separate commercial and residential level incentives, or should such a program be only targeted towards one sector?
- Should there be a separate competitive grant program that funds co-located storage projects?
- What rebate levels would be required to effectively incent non-residential and residential storage installations?
- Are there existing incentive models in other states that are worth emulating?
- Are there design elements in other states that are worth avoiding?

#### **Other Questions to Consider:**

- Are there other changes to REF that the Department should consider?
- Has the general timing of RFPs (posting time, RFP response times, etc.) for the competitive grant programs been reasonable?
- If a local government competitive program is developed, is there a time of year that would be make it easier for units of local government to apply both in terms of staff bandwidth as well as timing for town meeting?

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<sup>2</sup> Please see DE 17-189 and DE 23-039 as well as the Department's Investigation of Energy Storage.