

The State of New Hampshire
Department of Environmental Services

Thomas S. Burack, Commissioner

*Celebrating 25 years of protecting
New Hampshire's environment.*



February 16, 2012

The Honorable Bob Odell, Chairman
Senate Energy and Natural Resources Committee
Legislative Office Building, Room 102
Concord, NH 03301

Re: SB 218-FN Relative to Renewable Energy Portfolio Standards

Dear Chairman Odell and Members of the Committee:

The Department of Environmental Services (DES) appreciates the opportunity to comment on SB 218, relative to renewable energy portfolio standards. This bill seeks to revise New Hampshire's renewable portfolio standard (RPS, codified in RSA 362-F *Electric Renewable Portfolio Standard*).

New Hampshire is one of twenty-six states to have a renewable portfolio standard. New Hampshire's RPS, RSA Chapter 362-F was passed in 2007 (House Bill 873, *An Act establishing minimum renewable standards for energy portfolios*). The RPS legislation was the result of a thorough and deliberate two year stakeholder effort involving the state's business interests, environmental organizations, utilities, renewable electricity suppliers and developers, and other energy interests. As the discussions proceeded and in the interest of the greater good, nearly every interest involved put aside specific issues and came to support the legislation without seeking to add their particular interest provisions. This widespread support was reflected in bipartisan support in the General Court, including a vote of 253 to 37 in the House of Representatives and a unanimous 24-0 vote in the Senate.

Particulate matter (PM) emissions are of growing concern to DES. Emissions from wood stoves in the southwestern portion of the state have contributed to poor air quality, resulting in public alerts being issued by DES. In the coming years, DES will be required to implement a plan to reduce PM emissions to comply with federal standards, and controlling PM emissions from wood-fired power plants may be part of that plan. The bill proposes to amend the definition of "eligible biomass technologies" by providing DES with the authority to approve an alternative emission rate to the 0.02 lbs/mmBtu rate specified in the current statute. Several existing plants are currently meeting this rate. Those that do not are still allowed to operate and generate and sell electricity; they are just not eligible to receive additional revenue from the sale of Renewable Energy Certificates (RECs). DES believes that it is reasonable to require those few facilities to upgrade their technology to meet the 0.02 lbs/mmBtu rate or to provide for PM emissions

www.des.nh.gov

29 Hazen Drive • PO Box 95 • Concord, NH 03302-0095
(603) 271-3503 • TDD Access: Relay NH 1-800-735-2964

reductions from other sources (e.g., wood stove change-outs), rather than relaxing the requirement. DES has worked with the sponsors and stakeholders to further refine the bill language, and it is DES's understanding that an amendment that DES could support will be proposed.

The bill also proposes to amend the definition of "renewable energy source" by adding "or useful thermal energy". This proposed expansion of the definition is overly broad and may encompass unintended nonrenewable energy sources. DES would welcome the opportunity to work with the sponsors and stakeholders to further refine the bill language, in order to better clarify statutory intent. In addition, the percentage requirements in the existing statute were based on renewable energy alone, and adding useful thermal energy without raising the percentages could significantly lower market prices for RECs. Impacts such as this should be carefully studied prior to implementation. In its report¹, the Public Utilities Commission (PUC) recommends, and DES supports the recommendation, to:

"Study the ways in which the RPS could be expanded to include thermal only renewable sources which do not also generate electricity or displace electric use."

The bill proposes amendments to the percentage requirements for some REC classes, namely zeroing out the Class II solar requirements and increasing the Class III existing biomass and Class IV existing small hydro requirements. The PUC conducted an extensive review of the program, including stakeholder meetings. In its report², the PUC recommends, and DES supports the recommendation, to:

"Maintain the existing class obligations in favor of policy consistency and predictability for the renewable energy industry, particularly given the inability of NH to significantly affect the regional REC market and the potential for increased rate impacts if the class obligations were to increase."

DES supports other recommendations in the report, including ones calling for further study of various other issues. DES strongly supports the following recommendation from the report:

"Clarify the extent of the RPS obligations beyond 2025, specifically, whether or not the 2025 obligations continue indefinitely absent further legislative change."

¹ PUC Report dated November 1, 2011

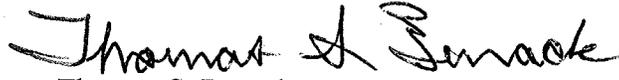
<http://www.puc.nh.gov/Sustainable%20Energy/RPS/RPS%20Review%202011.pdf>

² PUC Report dated November 1, 2011

<http://www.puc.nh.gov/Sustainable%20Energy/RPS/RPS%20Review%202011.pdf>

Thank you for your consideration in this matter, Should you have any questions or require further information, please contact Robert Scott, Director of the Air Resources Division (rscott@des.nh.gov, 271-1088) or Michael Fitzgerald, Administrator, Technical Services Bureau (mfitzgerald@des.nh.gov, 271-6390).

Sincerely,



Thomas S. Burack
Commissioner

cc: SB 218 sponsors
Amy Ignatius, Commissioner, Public Utilities Commission

