



The State of New Hampshire  
**DEPARTMENT OF ENVIRONMENTAL SERVICES**



**Thomas S. Burack, Commissioner**

April 24, 2013

The Honorable David Borden, Chairman  
N.H. House of Representatives  
Science, Technology, and Energy Committee  
Legislative Office Building, Room 304  
Concord, New Hampshire 03301

**Re: Senate Bill 123 relative to the use of proceeds from the regional greenhouse gas emissions program**

Dear Chairman Borden and Members of the Committee:

The Department of Environmental Services (DES) is pleased to offer testimony regarding SB 123, which would dedicate certain proceeds from the regional greenhouse gas initiative (RGGI) program to municipal and local government energy efficiency projects.

The need for energy efficiency improvements in local government infrastructure has been well documented, particularly through two previously funded RGGI programs, the NH School Benchmarking Project and the Municipal Energy Assistance Project for benchmarking municipal facilities. Many potential energy efficiency improvements in local government buildings identified through these programs and other non-RGGI programs have not yet been accomplished. Improvements to local government infrastructure will lower energy costs and ultimately reduce the local tax burden. Therefore, DES is supportive of the use of RGGI funds to enable municipal and local government energy efficiency projects.

DES understands that Senator Stiles intends to propose an amendment that was developed with the input of a broad set of stakeholders and DES supports the proposed changes. The amended bill would provide clear direction to both the Public Utilities Commission and the regulated utilities as they, and interested stakeholders, work through the docket process related to the CORE energy efficiency programs to develop a program that meets the intent of this bill.

The proposed amendment addresses the need for technical assistance in the development of some municipal and local government projects. While the expertise to develop complex energy efficiency projects is likely to exist in larger municipalities, smaller, less affluent communities may require technical assistance to be able to participate in such a program. This is highlighted by the fact that while local government projects may be eligible for assistance under some existing CORE programs run by the utilities, specifically the Smart Start and Small and Large Business programs, many are unaware of these programs and/or their eligibility to participate in them. When you consider how many "hats" some local government officials wear, this is not surprising and underscores the need for some level of technical and management assistance to be a component of any program aimed at assisting local government energy efficiency efforts.

DES Web site: [www.des.nh.gov](http://www.des.nh.gov)

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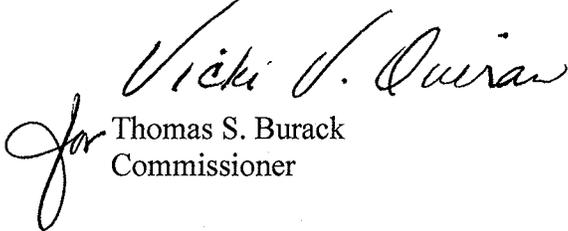
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In the process of developing a municipal and local government energy efficiency program, it is important for the state to learn from previous programs, in particular the recent availability of significant federal dollars under the American Recovery and Reinvestment Act. Specifically, any future program should be designed such that it does not undermine the existing private market for energy efficiency and also provide an incentive for local governments to invest some level of their own funds and effort into energy efficiency. Essentially, state funds should help to make such projects affordable, but stop short of providing "hand-outs". Experience has shown that high levels of funding that fail to leverage local investment can stifle the private market by reducing the incentive for local governments to use other innovative funding mechanisms such as performance contracts. When large amounts of grant dollars that "pay" for projects are available, communities tend to wait for grant money rather than seek these partnerships.

DES looks forward to participating in the CORE docket process to work with the PUC, the utilities, and other interested stakeholders, including the Local Energy Working Group and municipalities, to work out the details of a program to meet the intent of this legislation.

Thank you for the opportunity to provide testimony. Should you have any questions, or need additional information, please feel free to contact Craig A. Wright, Acting Director, Air Resources Division (271-1088, [craig.wright@des.nh.gov](mailto:craig.wright@des.nh.gov)) or Rebecca Ohler, Transportation and Energy Programs Manager, Technical Services Bureau (271-6749, [rebecca.ohler@des.nh.gov](mailto:rebecca.ohler@des.nh.gov)).

Sincerely,

  
for Thomas S. Burack  
Commissioner