



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



**Thomas S. Burack, Commissioner**

January 28, 2014

The Honorable David Borden, Chair  
House Science, Technology and Energy Committee  
Legislative Office Building, Room 304  
Concord, New Hampshire 03301

**Re: House Bill 1443, “*An Act relative to electric renewable portfolio standards*”**

Dear Chair Borden and Members of the Committee:

Thank you for the opportunity to comment on House Bill 1443, relative to electric renewable portfolio standards (RPS). This bill would amend New Hampshire’s RPS statute (RSA 362-F *Electric Renewable Portfolio Standard*) such that all renewable energy sources would be in one class, reducing the total required percentage that each supplier of electricity would be required to meet from 24.8% to 20% in 2025. The bill would also amend current law by dedicating half of all renewable energy funds to reducing rates for all customers. The Department of Environmental Services (DES) opposes this bill.

New Hampshire is one of twenty-nine states to have an RPS. Adopted in 2007 (HB 873, *An Act establishing minimum renewable standards for energy portfolios*), the RPS 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. The resulting widespread support was reflected in broad bipartisan support for adoption in the General Court (253 to 37 in the House of Representatives and a unanimous 24-0 vote in the Senate).

The changes proposed in HB 1443 would promote instability and lack of certainty in the RPS program for the regulated community. It should be noted that the RPS statute was the subject of legislation and significantly revised in both the 2012 (SB 218) and 2013 (HB 542) sessions. In addition just last fall the HB 542 RPS Study Committee concluded that “...*after extensive debate and changes to New Hampshire’ RPS law in the 2012 and 2013 legislative session, it is appropriate to see how those changes impact the production of renewable energy in New Hampshire and New England. The committee thus recommends no further legislation at this time.*” The November 2012 *Final Report on the New Hampshire Independent Energy Study* from the Energy Efficiency and Sustainable Energy Board (pursuant to SB 323, 2010) noted the need for a “*clear, coordinated, and consistent policy and program landscape*”. Likewise, a 2011 Public Utilities Commission (PUC) review of the RPS

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program<sup>1</sup>, including several meetings to seek market information and stakeholder input, concluded that the state should

*“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.”*

The market for NH Renewable Energy Credits (RECs) is complex and highly influenced by the regional nature of the New England electric “grid” and differing state RPS requirements. The current RPS statute includes obligations out to 2025. Energy supply projects require long-term planning and, therefore, benefit from long-term certainty in the market. Absent such certainty, developers’ ability to secure financing supported by anticipated REC income is significantly impaired. DES feels that long term market stability is the best solution for ensuring compliance with the RPS, as the goal of the program is to see increased development of renewable resources in the region, as opposed to alternative compliance payments. Future revisions should be based on sound market information and analysis, and carefully consider any long term implications. This type of rigorous analysis is difficult for a legislative policy committee to undertake during the busy legislative session. In lieu of frequent legislative changes, DES would support the inclusion of language requiring a periodic data-driven review to be conducted by the PUC, which would then suggest any recommended revisions based upon such a review and analysis to the appropriate policy committees.

Furthermore, Massachusetts and Connecticut have revised their programs and the regional market for existing biomass sources will be changing in the coming years. As a consequence, one wood-fired power plant in Massachusetts and one in Vermont have already applied for New Hampshire Class III RECs. At least one New Hampshire plant that currently sells RECs under Connecticut’s program plans to apply for New Hampshire Class III RECs, as well. Class III was originally included to maintain operation of existing biomass sources. By eliminating Class III RECs, this bill could result in shutdown of one or more of these plants that rely on REC sales for economic viability.

Thank you for your consideration in this matter. If you have any questions or require further information, please contact either Craig Wright, Director of the Air Resources Division ([craig.wright@des.nh.gov](mailto:craig.wright@des.nh.gov), 271-1088) or Michael Fitzgerald, Assistant Director ([michael.fitzgerald@des.nh.gov](mailto:michael.fitzgerald@des.nh.gov), 271-6390).

Sincerely,



Thomas S. Burack  
Commissioner

cc: Amy Ignatius, Chair, Public Utilities Commission  
Sponsors of HB 1443

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<sup>1</sup> PUC Report dated November 1, 2011 <http://www.puc.nh.gov/Shas/previouslyustainable%20Energy/RPS/RPS%20Review%202011.pdf>