



The State of New Hampshire
Department of Environmental Services



Thomas S. Burack, Commissioner

February 11, 2015

The Honorable Jeb Bradley, Chair
Senate Energy and Natural Resources Committee
State House, Room 100
Concord, New Hampshire 03301

Re: Senate Bill 26-FN relative to relative to the electric renewable portfolio standard

Dear Chairman Bradley and Members of the Committee:

Thank you for the opportunity to comment on Senate Bill 26, relative to the electric renewable portfolio standard (RPS). Senate Bill 26 would require the public utilities commission to establish a low-income home weatherization program and suspend funding for certain projects for up to 3 years if price increases in default service exceed 25 percent. 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 existing four REC classes represent a delicate balance that was arrived at through this deliberative process and are designed to encourage the development of new renewable resources while preserving vulnerable existing sources. Supporters recognized that renewable energy generation technologies provide fuel diversity to the state and New England. This displacement of fossil fuels by local renewable fuels and resources helps stabilize energy costs by reducing exposure to volatile gas and oil prices. Increased use of renewables also reduces emissions of air pollutants, thereby improving air quality and protecting public health. The resulting widespread support for the RPS 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 SB 26 would promote further 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. Numerous studies and reports have concluded that such instability disrupts developing markets and decreases the economic benefits of enhancing the use of in-state renewable energy resources.

- In the fall of 2013, 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.”

DES Web site: www.des.nh.gov

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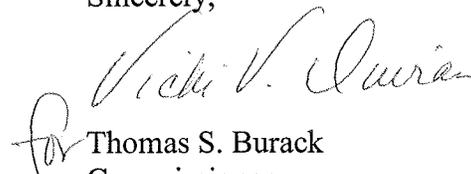
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- The September 2014 *New Hampshire 10-Year State Energy Strategy* (Senate Bill 191, 2013) notes that “*frequent changes to the RPS in recent years have disrupted the market’s development*” and “*to realize the full economic and security benefits of in-state energy, the State must recommit to a strong and stable RPS.*”
- 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*”.
- A 2011 Public Utilities Commission (PUC) review of the RPS program¹, 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. 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.

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, 271-1088) or Michael Fitzgerald, Assistant Director (michael.fitzgerald@des.nh.gov, 271-6390).

Sincerely,


for Thomas S. Burack
Commissioner

cc: Martin Honigberg, Chair, Public Utilities Commission

¹ PUC Report dated November 1, 2011 [http://www.puc.nh.gov/Shas previouslysustainable%20Energy/RPS/RPS%20Review%202011.pdf](http://www.puc.nh.gov/Shas%20previouslysustainable%20Energy/RPS/RPS%20Review%202011.pdf)