

# News from the New Hampshire Department of Environmental Services



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## **Opinion/Editorial (729 words)**

### **RGGI is good for New Hampshire**

**Tom Burack, New Hampshire Department of Environmental Services  
Commissioner**

The Regional Greenhouse Gas Initiative or RGGI is a program that will provide environmental protection, guard against rising energy prices and also benefit our economy. However, a recent Union Leader article raised concerns that New Hampshire's participation in RGGI will cause significant increases in electricity costs to the state's businesses and residents. In reality, the opposite is true – state adoption of RGGI is one of the only mechanisms we have to mitigate current increases in energy costs and protect against future price volatility. Failure to adopt RGGI because of fears regarding these short-term cost increases would be a short sighted approach to our current and future energy problems.

RGGI is being adopted regionally by nine other states (ME, VT, MA, CT, RI, NY, MD, DE, NJ). Since electricity is bought and sold on a regional market, New Hampshire cannot expect to sit on the sideline and not see an impact on our rates due to RGGI implementation in surrounding states. We are not an electricity "island" and we will see a short-term increase in costs whether or not we adopt RGGI.

The RGGI legislation under consideration by the legislature would enable New Hampshire to ultimately reduce electricity costs and have a positive economic impact for our State. This is accomplished by selling CO<sub>2</sub> allowances at auction and investing the proceeds in energy efficiency as a positive step toward insulating our economy from ever-increasing energy costs. Doing nothing, or too little would be to passively accept higher costs. That would be detrimental to New Hampshire's economic development.

An independent analysis by UNH has concluded that adoption of the RGGI legislation is in the state's best economic interest and will have positive economic impacts. UNH projects that investment in energy efficiency measures will reduce average industrial and residential energy bills within three years and that by 2018, RGGI would increase state employment by over 800 jobs and add \$63 million to the New Hampshire economy. A further advantage of this program is that it will address rising heating as well as electrical costs.

The proposed legislation contains a number of safe guards. New Hampshire can discontinue its participation at any time. Allowance price thresholds have been established beyond which funds will be rebated to New Hampshire businesses and residents. The Governor and Council will have the authority to suspend compliance with RGGI if a power emergency occurs. Additionally, yearly reports will monitor the prices and availability of RGGI allowances to affected CO<sub>2</sub> sources, and the trends in electric rates for New Hampshire businesses and ratepayers. The New

England regional electric system operator has evaluated RGGI's impact on electricity generation and concluded that the proposed program is "compatible with continued reliable operation of the system".

The fund created by the sale of the allowances is expected to receive in the range of 10 to 20 million dollars per year at the onset. However, in the unlikely event of significantly higher allowance prices, the fund is initially capped at the equivalent of approximately \$60 million. DES concurs that this is a significant amount of money and appropriate measures should be implemented to ensure that the funds are invested in ways that will generate the maximum return in reduced energy costs. The fund should also be evaluated in terms of the potential demand for energy efficiency investment, which some have estimated at more than a billion dollars in New Hampshire alone. A recent study conducted for the Northeast Energy Efficiency Partnerships, Inc. estimated that the energy savings potential in New England could reduce demand by an amount equivalent to the electricity needs of all of the households in the states of Connecticut and New Hampshire combined by 2013, eliminating the need for 28 new 300 megawatt combined cycle gas fired generating plants.

The best option for New Hampshire, as demonstrated by economic analysis, is to pass this legislation and invest the revenues from RGGI into energy efficiency, thus lowering the State's energy costs and helping businesses improve their bottom line. This legislation is good for New Hampshire regardless of whether one agrees that climate change poses significant future problems for our state and that CO<sub>2</sub> emissions need to be reduced. If we fail to join RGGI, NH will see even higher electricity costs. However, by joining RGGI, we can control our own destiny and lower our energy costs while helping to protect our environment.

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