



The State of New Hampshire
Department of Environmental Services



Clark B. Freise, Assistant Commissioner

January 31, 2017

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

Re: House Bill 559-FN, relative to expenditures from the Energy Efficiency Fund

Dear Chair Barry and Members of the Committee:

Thank you for the opportunity to testify on House Bill 559-FN. This bill modifies the allocation of rebates to retail electric customers from the energy efficiency fund (EEF) and increases the amount of funds that are utilized for energy efficiency projects and programs. More specifically, HB 559-FN increases the amount of funds dedicated to low-income residential customers and for municipal, school district, and local government efficiency projects, and directs any remaining funds to a fuel-neutral energy efficiency program. The New Hampshire Department of Environmental Services (NHDES) supports this bill.

Most Regional Greenhouse Gas Initiative (RGGI) states already invest the majority of their proceeds in energy efficiency (58% of total RGGI cumulative investments)¹. One criticism often heard regarding investments of state proceeds from RGGI allowance auctions into energy efficiency is that such investments are perceived as beneficial only to those individuals, municipalities, and businesses directly receiving EEF funds. To the contrary, any investment in energy efficiency directly benefits *all* New Hampshire citizens and ratepayers by reducing the overall demand for electricity, which in turn reduces the additional capital investment in generation, transmission, and distribution by electricity providers. In particular, the high cost of “peaking” plants to meet demands on the hottest days of the year are reduced or avoided. All of these costs are ultimately passed on to all New Hampshire consumers, so keeping them low is in the best interest of all citizens, businesses, and municipalities. Thus, investments in energy efficiency ultimately reduce costs for everybody. In addition, investment of RGGI proceeds in municipal, school, and local government efficiency projects helps to reduce that community’s operating expenses, thus reducing local property taxes.

The “*NH Greenhouse Gas Emissions Reduction Fund Annual Evaluation (July 2011 – June 2012)*”² indicated that each dollar invested in energy efficiency resulted in \$4.95 in energy savings. An

¹ “*Investment of RGGI Proceeds Through 2014*” http://rggi.org/docs/ProceedsReport/RGGI_Proceeds_Report_2014.pdf

² “*NH Greenhouse Gas Emissions Reduction Fund Annual Evaluation (July 2011 – June 2012)*” http://puc.nh.gov/Sustainable%20Energy/GHGERF/Evaluations/GHGERF_Year%203_annual_report_2011-12_FINAL.pdf

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independent report by the Analysis Group³ found that the investment of RGGI proceeds in the region from the first three years:

- Generated \$1.6 billion in net economic benefit region-wide through the end of the decade;
- Put \$1.1 billion in electricity bill savings back into the pockets of consumers in the region over the next decade;
- Created 16,000 job-years in the region; and
- Kept \$765 million in the local economy due to reduced fossil fuel demand.

A second report⁴ by the Analysis Group found that implementing RGGI from 2012-2014 added \$1.3 billion in economic value to the nine-state RGGI region, led to the creation of more than 14,000 new jobs, and cut electricity and heating bills, saving consumers \$460 million. Each individual state saw economic benefits as the region cut annual carbon emissions by more than a third from 2008 (133 million tons) to 2014 (86 million tons), according to the report. A new independent study⁵ revealed that RGGI improved health, saved lives, and generated \$5.7 billion in benefits from 2009 to 2014.

These four independent reports, as well as the RGGI report cited previously, show that New Hampshire ratepayers would be well-served through increased investment of our RGGI proceeds in energy efficiency.

Thank you again for the opportunity to comment on HB 559-FN. Should you have further questions or need additional information, please feel free to contact either Craig Wright, Director of the Air Resources Division (271-1108, craig.wright@des.nh.gov) or Michael Fitzgerald, Assistant Director of the Air Resources Division (271-6390, michael.fitzgerald@des.nh.gov).

Sincerely,



Clark B. Freise
Assistant Commissioner

cc: Sponsors HB 559: Reps. Richardson, Shepardson, Backus; Sens. Feltes, Fuller Clark

³ "The Economic Impacts of the Regional Greenhouse Gas Initiative on Ten Northeast and Mid-Atlantic States – Review of the Use of RGGI Auction Proceeds from the First Three-Year Compliance Period" November 15, 2011 http://www.analysisgroup.com/uploadedFiles/Publishing/Articles/Economic_Impact_RGGI_Report.pdf

⁴ "The Economic Impacts of the Regional Greenhouse Gas Initiative on Nine Northeast and Mid-Atlantic States" July 14, 2015 <http://www.analysisgroup.com/news-and-events/news/energy-report--states-that-limit-carbon-emissions-through-markets-see-economic-benefits/>

⁵ "Analysis of the Public Health Impacts of the Regional Greenhouse Gas Initiative" January 11, 2017 [http://www.abtassociates.com/NewsReleases/2017/RGGI-Improves-Health,-Saves-Lives,-and-Generates-\\$.aspx](http://www.abtassociates.com/NewsReleases/2017/RGGI-Improves-Health,-Saves-Lives,-and-Generates-$.aspx)