



The State of New Hampshire
Department of Environmental Services



Robert R. Scott, Commissioner

January 24, 2018

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

RE: HB 1230, *An Act establishing a commission to study the economic impact of national carbon pricing on New Hampshire*

Dear Chair Barry and Members of the Committee:

Thank you for the opportunity to testify on HB 1230. This bill would establish a commission to study the economic impact of national carbon pricing on New Hampshire. The New Hampshire Department of Environmental Services (NHDES) has no position on this bill, but NHDES stands ready to support such a commission if convened. Similarly, last session, NHDES indicated¹ that it took no position on SB 123, but NHDES stood ready to support such a commission if convened. However, NHDES is currently unaware of any pending action at the national level. NHDES is aware of pending actions at the regional, state, or province level, as highlighted in this letter. While it is within the purview of the Legislature to study national implementation if it so desires, such a commission may also want to explore other similar initiatives.

One such initiative is a commission convened by the Carbon Pricing Leadership Coalition (CPLC). The CPLC brings together leaders from government, private sector and civil society to share experience working with carbon pricing and to expand the evidence base for the most effective carbon pricing systems and policies. The CPLC is a voluntary partnership² of national and sub-national governments, businesses, and civil society organizations that agree to advance carbon pricing by working with each other towards the long-term objective of a carbon price applied throughout the global economy by:

- strengthening carbon pricing policies to redirect investment commensurate with the scale of the climate challenge;
- bringing forward and strengthening the implementation of existing carbon pricing policies to better manage investment risks and opportunities; and
- enhancing cooperation to share information, expertise and lessons learned on developing and implementing carbon pricing through various "readiness" platforms

¹ See <https://www.des.nh.gov/organization/commissioner/legal/testimony/2017/documents/sb123-20170202.pdf>

² See List of CPLC partners <https://www.carbonpricingleadership.org/partners/>

In 2016, the CPLC convened a Commission of 13 leading economists from nine developing and developed countries to identify the range of carbon prices that, together with other supportive policies, would deliver on the Paris climate targets. In May 2017, the Commission issued its report³, concluding that meeting the world's agreed climate goals in the most cost-effective way while fostering growth requires countries to set a strong carbon price, with the goal of reaching \$40-\$80 per tonne of CO₂ by 2020 and \$50-100 per tonne by 2030.

In December 2017, government leaders of Canada, Chile, Colombia, Costa Rica, México, the Governors of California and Washington⁴, and the Premiers of Alberta, British Columbia, Nova Scotia, Ontario and Quebec launched the [Carbon Pricing in the Americas](#) cooperative framework. Recognizing that climate change is a global, national and local threat, these American leaders are reaffirming their commitment to the Paris Agreement by pledging to implement carbon pricing as a central policy instrument for climate change action; deepen regional integration of carbon pricing instruments across the hemisphere; and develop carbon policies that support competitiveness, encourage innovation, create jobs, provide healthy environment for their citizens, and deliver meaningful emissions reductions. There are now 42 national and 25 sub-national jurisdictions putting a price on carbon emissions. Going forward, the working group will serve as a platform for cooperation among jurisdictions and, with support from varied stakeholders – including, businesses, financial institutions, nongovernmental organizations, and civil society – will aim to identify opportunities to increase alignment of carbon pricing systems and promote carbon markets that build on already successfully implemented initiatives. Rather than establishing its own commission, New Hampshire could explore joining this working group.

NHDES is also aware that an Analysis⁵ of a Carbon Fee as a Mechanism to Reduce GHG Emissions in Massachusetts was prepared for the Massachusetts Department of Energy Resources in December 2014. The National Caucus of Environmental Legislators⁶ reports that a revenue neutral carbon price bill was introduced in the Massachusetts Senate in January 2017. The bill, [an act combating climate change \(S1821\)](#), is sponsored by Senator Michael Barrett. The fee would start at \$10 per ton of CO₂, rising \$5 a year until \$40 a ton. All revenue would be returned to households and businesses.

New York⁷ has also begun to explore pricing carbon in its electricity market.

In a letter⁸ to Senators Whitehouse and Sanders, Gordon van Welie (ISO New England) noted that “For several years, ISO New England has voiced support for pricing carbon as an efficient means to meet

³ See <https://www.carbonpricingleadership.org/report-of-the-highlevel-commission-on-carbon-prices/#>

⁴ Gov. Inslee plans to propose a carbon price to the Washington State Legislature in January 2018

⁵ See <http://www.mass.gov/eea/docs/doer/fuels/mass-carbon-tax-study.pdf>

⁶ See <https://www.ncel.net/about/#mission>

⁷ See <https://www.nrdc.org/experts/jackson-morris/ny-begins-exploring-pricing-carbon-its-electricity-market>

⁸ See https://www.iso-ne.com/static-assets/documents/2017/10/sept_2107_imapp_carbon_ltrs.pdf

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carbon reduction goals while continuing to harness the benefits of competition through wholesale markets... However, through participation in IMAPP and discussions in other forums (including before the Federal Energy Regulatory Commission (FERC)), the New England states (through the New England States Committee on Electricity (NESCOE)) have articulated significant concerns with ISO New England or FERC implementing a price on carbon.”

Above are just some examples of ongoing efforts at the state, provincial, or regional levels that could be studied. Thank you again for the opportunity to comment on HB 1230. Should you have further questions or need additional information, please feel free to contact either Michael Fitzgerald, Assistant Director (michael.fitzgerald@des.nh.gov, 271-6390) or Joseph Fontaine, Technical Programs Manager (joseph.fontaine@des.nh.gov, 271-6794) of the Air Resources Division.

Sincerely,



Robert R. Scott
Commissioner

cc: Sponsors of HB 1230: Representatives Shepardson, Danielson, Richardson, Oxenham, P. Schmidt;
Senator Fuller Clark

