



The State of New Hampshire  
**Department of Environmental Services**



**Robert R. Scott, Commissioner**

January 30, 2019

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

**RE: HB 735, AN ACT establishing the required payment of a carbon pricing fee to be paid by vendors of carbon-based fuels based on their emissions factors**

Dear Chair Backus and Members of the Committee:

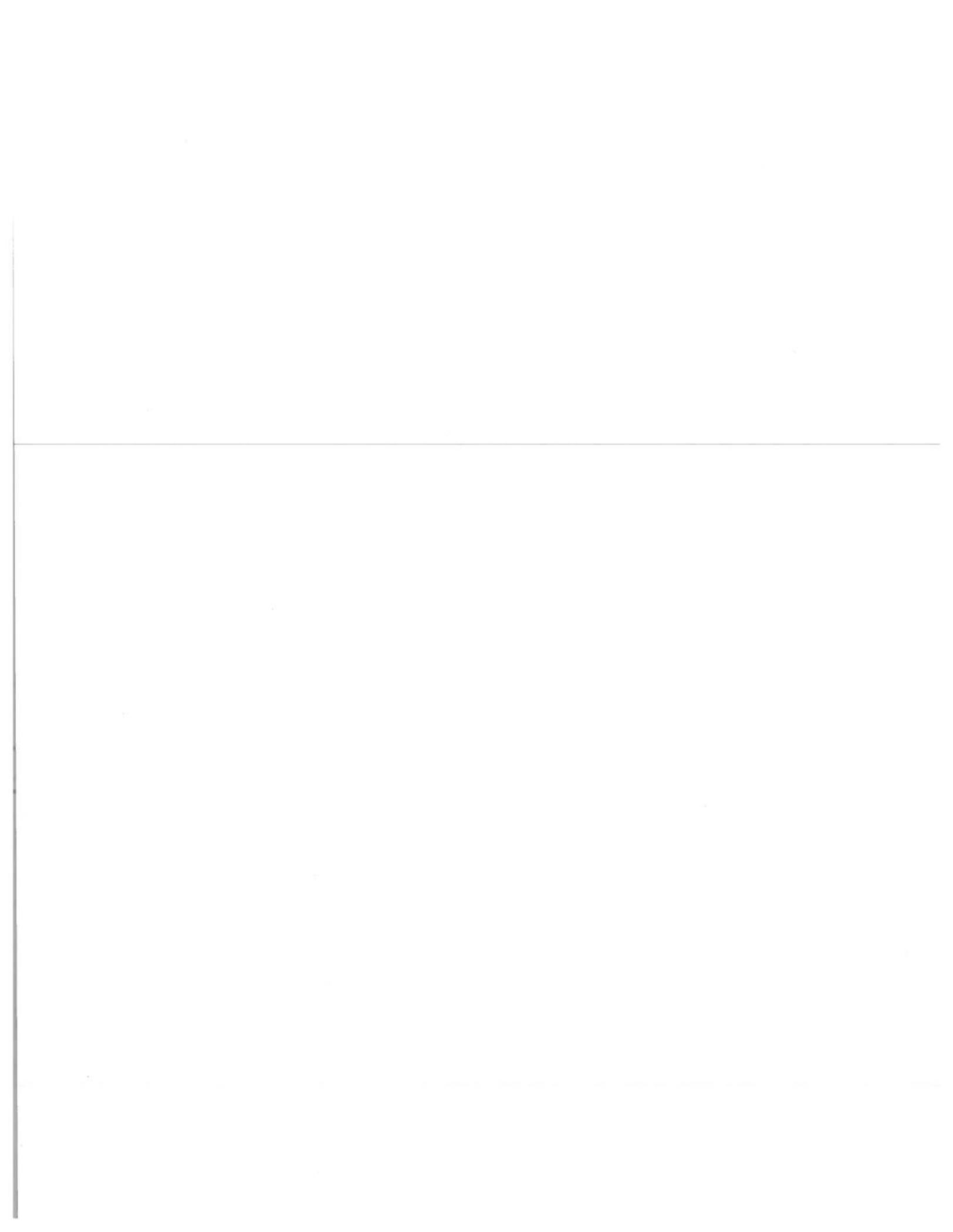
Thank you for the opportunity to testify on HB 735. This bill would establish the required payment of a carbon pricing fee to be paid by vendors of carbon-based fuels based on their emissions factors. The New Hampshire Department of Environmental Services (NHDES) was not involved in the drafting of this bill and has no position on this bill. Many leading economists believe a fee on carbon is the most economically efficient approach to reducing carbon emissions if implementation is at the national or regional level. NHDES is currently aware of at least one bill introduced at the national level, and a number of pending actions at the regional, state, or province level, as highlighted in the attachment to this letter.

One group that could provide insight into this issue is the Carbon Pricing Leadership Coalition (CPLC) which 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 partnership<sup>1</sup> 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. The CPLC recently posted a report<sup>2</sup> by The World Bank entitled "*State and Trends of Carbon Pricing 2018*" that provides an up-to-date overview of existing and emerging carbon pricing instruments around the world, including national and subnational initiatives.

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<sup>1</sup> See List of CPLC partners <https://www.carbonpricingleadership.org/partners/>

<sup>2</sup> See <https://openknowledge.worldbank.org/handle/10986/29687>



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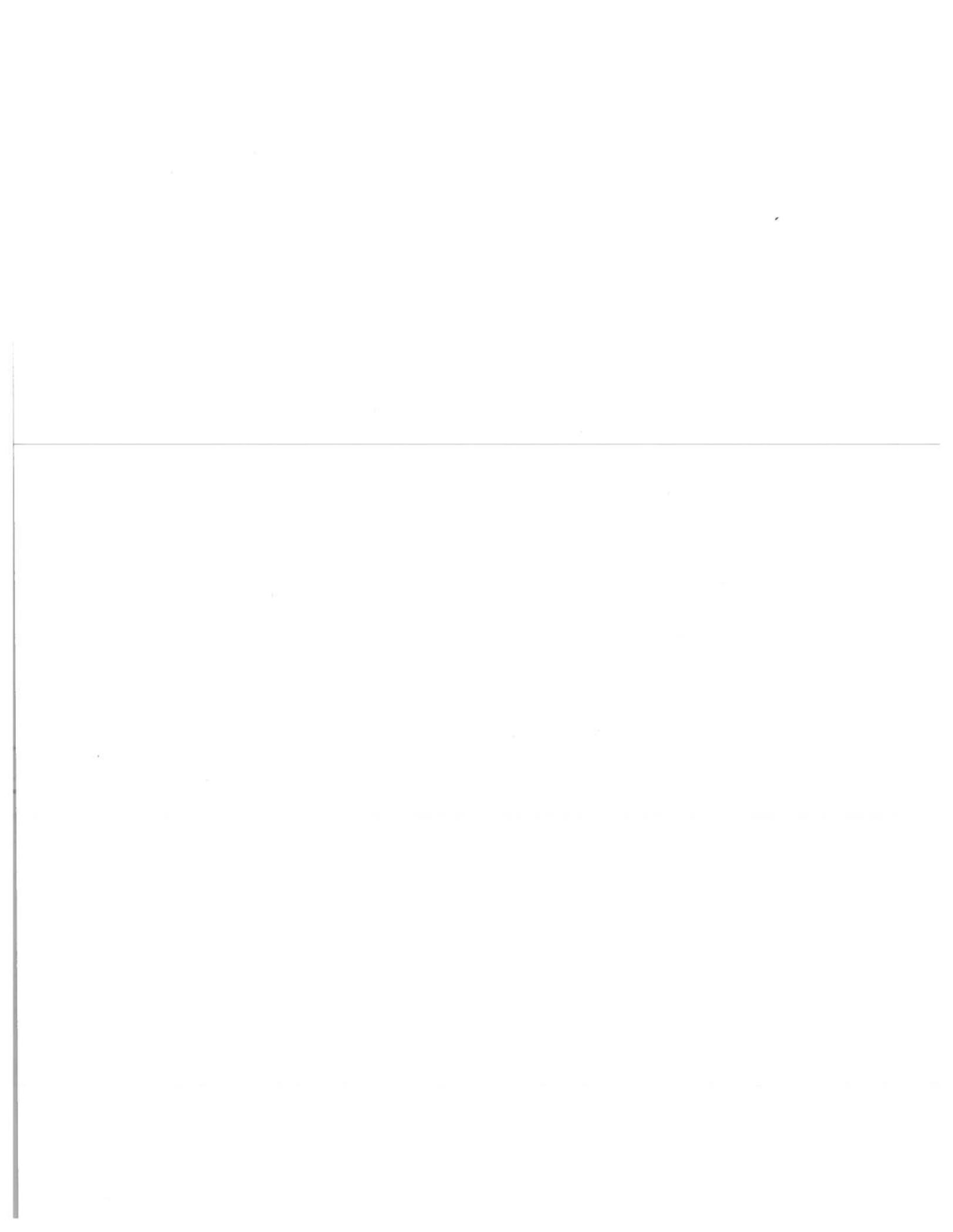
Thank you again for the opportunity to comment on HB 735. Should you have questions or need additional information, please feel free to contact either Michael Fitzgerald, Assistant Director ([michael.fitzgerald@des.nh.gov](mailto:michael.fitzgerald@des.nh.gov), 271-6390) or Joseph Fontaine, Technical Programs Manager ([joseph.fontaine@des.nh.gov](mailto:joseph.fontaine@des.nh.gov), 271-6794) of the Air Resources Division.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert R. Scott". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Robert R. Scott  
Commissioner

cc: Sponsors of HB 735: Representative Oxenham; Senators Fuller Clark and Watters





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### List of Some Recent Actions on Carbon Pricing

#### Federal

A December 19, 2018 press release<sup>3</sup> describes the Energy Innovation and Carbon Dividend Act bill introduced in the U.S. Senate. This bill at the national level is similar to HB 735.

#### Massachusetts

An Analysis<sup>4</sup> 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 Legislators<sup>5</sup> 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 CO<sub>2</sub>, rising \$5 a year until \$40 a ton. All revenue would be returned to households and businesses. This bill was referred to committee in early 2018, and NHDES is unsure as to its current status.

#### New York

New York<sup>6</sup> has also begun to explore pricing carbon in its electricity market. On December 7, 2018, the Integrated Public Policy Task Force issued the *"IPPTF Carbon Pricing Proposal"*<sup>7</sup>. It concluded that *"The NYISO anticipates continued collaboration with its stakeholders, the New York State Department of Public Service, and the New York State Energy Research and Development Authority on pricing carbon emissions in the wholesale energy markets within the NYISO's shared governance process."*

#### Connecticut

In 2017, a bill<sup>8</sup> was introduced in Connecticut that would require a carbon fee of \$15 beginning in 2019 and increasing by \$5 per year thereafter.

<sup>3</sup> See <https://www.coons.senate.gov/newsroom/press-releases/sens-coons-flake-introduce-landmark-bipartisan-legislation-to-put-money-in-the-pockets-of-working-families-by-pricing-carbon-pollution>

<sup>4</sup> See <http://www.mass.gov/eea/docs/doer/fuels/mass-carbon-tax-study.pdf>

<sup>5</sup> See <https://www.ncel.net/about/#mission>

<sup>6</sup> See <https://www.nrdc.org/experts/jackson-morris/ny-begins-exploring-pricing-carbon-its-electricity-market>

<sup>7</sup> See <https://www.nyiso.com/documents/20142/3911819/Carbon-Pricing-Proposal%20December%202018.pdf/72fe5180-ef24-f700-87e5-fb6f300fb82c>

<sup>8</sup> See <https://www.cga.ct.gov/2017/TOB/h/2017HB-07247-R00-HB.htm>

## **Maine**

On January 29, 2019, a bill<sup>9</sup> was introduced in Maine that would require a carbon fee of \$5 per metric ton of carbon content during fiscal year 2020-21 and increases by \$5 per metric ton each fiscal year from fiscal year 2021-22 to fiscal year 2027-28, remaining at \$40 per metric ton each fiscal year thereafter.

## **ISO-NE**

In a letter<sup>10</sup> 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 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.”*

## **Northeast and Mid-Atlantic Region**

On December 18, 2018, a coalition of nine Northeast and Mid-Atlantic states and the District of Columbia announced<sup>11</sup> their intent to design a new regional low-carbon transportation policy proposal that would cap and reduce carbon emissions from the combustion of transportation fuels, and invest proceeds from the program into low-carbon and more resilient transportation infrastructure. While New Hampshire did not sign on to this statement of intent, New Hampshire has been an active member and participant in the Transportation and Climate Initiative (TCI) since its inception. New Hampshire will continue to participate in all TCI meetings during the coming year as a market-based program to reduce emissions from the transportation sector is discussed and developed. When a program design is finalized New Hampshire policymakers will, at that time, need to evaluate whether participation in the program is in New Hampshire’s best interest.

<sup>9</sup> See <http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0343&item=1&snum=129>

<sup>10</sup> See [https://www.iso-ne.com/static-assets/documents/2017/10/sept\\_2107\\_imapp\\_carbon\\_ltrs.pdf](https://www.iso-ne.com/static-assets/documents/2017/10/sept_2107_imapp_carbon_ltrs.pdf)

<sup>11</sup> See <https://www.transportationandclimate.org/nine-states-and-dc-design-regional-approach-cap-greenhouse-gas-pollution-transportation>