

**Climate Change Action Plan Task Force Second Meeting
Stonyfield Farm, March 10, 2008**

Electricity Generation & Use (EGU) Working Group Update

Facilitators: Joe Fontaine (jfontaine@des.state.nh.us or 271-6794)
Charlie Martone (charles.martone@des.nh.gov or 271-1089)

Primary Interest Goals and Actions

Goal #1: First, reduce emissions by increasing demand response (DR) and energy efficiency (EE) **EGU-3 & 4**

Action #1: Evaluate decoupling utility sales from revenues; continue to factor EE into rates. **EGU-4.4**

Note: This is a fundamental building block measure that should be evaluated because it would allow other energy efficiency measures to be undertaken.

Action #2: Evaluate implementation of either:

- a) An Energy Efficiency Portfolio Standard (EEPS), or **EGU-2.2**
- b) A mandatory “least cost procurement” policy; the PUC would determine “least cost.”

Note: Compliance with RGGI in NH in the near-term may be achieved primarily by EE, and an EEPS would be a complementary policy.

Action #3: Evaluate implementation of a Combined Heat & Power Portfolio Standard (CHPPS) **EGU-2.2**

Note: Similar to emissions limitations on biomass power under NH’s RPS, emissions limitations may need to be incorporated into a CHPPS to ensure that the standard is met using new alternative technologies, such as microwind and fuel cells, while explicitly excluding diesel engines due to their high emission rates of nitrogen oxides.

Action #4: Evaluate implementation of other to-be-determined DR and EE mechanisms.

Goal #2: Reduce supply-side emissions; increase renewable generation **EGU-1 & 2**

Action #1: Implement the Renewable Portfolio Standard (RPS) and the Regional Greenhouse Gas Initiative (RGGI). **EGU-1.1**

Note: Analyses to date indicate modest emissions reductions and cost savings from implementation of these two market-based programs through 2018.

Perform further analyses in 2012 to set more stringent (lower) cap levels beyond 2018 and more stringent (higher) percentages beyond 2025, with the goal of achieving even greater, relatively cost-effective emissions reductions. Improving existing plant efficiencies is one compliance option. **EGU-1.2**

Allow market to determine whether large or small projects are more cost effective. Identify and eliminate barriers to allow clean decentralized projects to compete on level playing field. Find additional ways to encourage renewable generation. **EGU-2.3**

Action #2: Evaluate implementation of an output-based New Source Performance Standard (NSPS) for new fossil fuel-fired plants as a complement to RPS and RGGI. **EGU-1.6**

Note: Requiring new plants to meet emissions limits at the time of construction should be more cost-effective than retrofitting later.

Action #3: Implement improved siting process that eliminates barriers (e.g. transmission constraints) for renewable generation. **EGU-2.3.4**

Evaluate the increased emissions reductions that would be achieved sooner, because greater RPS compliance would be achieved by actual renewable projects rather than by Alternative Compliance Payments

Secondary Interest Options

1. Several options required further funding for energy efficiency and demand response. The RGGI bill (HB 1434) would establish an Advisory Board to provide written advice to the PUC on expenditures of RGGI funds received from the auctioning of allowances. The workgroup recommends passage of HB 1434 first, then requesting that the Advisory Board advise the PUC on the technical and economic feasibility of such options at a later date. **EGU-3 & 4**
2. Some options would impose mandatory requirements (e.g., old source performance standards), and that would conflict with the market-based approaches of RGGI & RPS. Thus, most mandatory requirements are not recommended at this time. In the event that RGGI is not implemented, such options could be reconsidered as an alternative. **EGU-1**
3. Some options (e.g., expanding RGGI to include industrial sources) may be more appropriately discussed by workgroups other than the EGU WG. Upon request

from other workgroups, the EGU WG could participate in discussions on those options at a later date.

4. Renewable energy siting is of higher interest than Liquefied Natural Gas (LNG) terminal siting. LNG terminal siting should be left to the standard EFSEC process. **EGU-2.3.4**
5. Voluntary measures (e.g., purchasing voluntary RECs) typically have less participation than mandatory programs and could be evaluated at a later date to supplement portfolio standards, if necessary. Based on the stringency of the RPS, there may be insufficient surplus amounts of renewable energy available for voluntary purchases.
6. Some options (e.g., production or investment tax credits) may be more appropriately addressed by the federal government. The workgroup recommends that the Task Force send a letter to NH's US Congressional delegation urging them to vote in favor of such options. The NH Legislature could also pass a resolution(s) urging such votes at the federal level. **EGU-2.3.5 & 2.3.6**
7. Reducing transmission constraints is a regional concern. The group supports the NH PUC's and ISO-NE's ongoing efforts to develop a plan to address this issue. If a regional plan is not developed, then NH-specific funding for transmission expansion could be considered. **EGU-5.2**
8. While new nuclear generation is highly controversial, reducing long term GHG emissions by 75% to 85% will be even more challenging if existing nuclear generation ceases and is replaced with fossil fuel-fired generation. A new natural gas-fired plant at Seabrook is already in the planning stages. The workgroup recommends deferring evaluation of retaining nuclear energy until a later date. **EGU-2.4**

Working Group Needs: Approval from Task Force to work on further analysis of primary interest options.

Next Steps: Extend analysis of primary interest options.