



The State of New Hampshire
Department of Environmental Services



Robert R. Scott, Commissioner

February 8, 2021

The Honorable Michael Vose, Chair
Science, Technology and Environment Committee
Legislative Office Building, Room 304
Concord, New Hampshire 03301

Re: HB 373 relative to state participation in low carbon fuel standards programs.

Dear Chair Vose and Members of the Committee:

Thank you for the opportunity to provide certain clarifying information relative to HB 373. This bill would prohibit the New Hampshire Department of Environmental Services (NHDES) from participating in discussions of any state, regional, or national low carbon fuel standard program. NHDES takes no position on this bill, but offers the following information and overview of such regional discussions for the Committee's consideration.

NHDES has previously participated in these discussions in order to ensure the state's economic and environmental interests were appropriately represented, and to determine any potential impacts or benefits to the state (whether or not we were a participant) in order to properly advise the Governor's office of the nature of these discussions.

Transportation fuels are a regional commodity and fuel prices at the terminal reflect the regional market. Due to its relatively small fuel usage in comparison to other states in the region, New Hampshire does not set, or even heavily influence, regional prices or supply. If a regional standard is implemented by other Northeast states, there may be an impact on the regional cost of transportation fuels that could affect our state.

No state agency, including NHDES, is authorized to implement a regional program in New Hampshire, absent specific authorization from the New Hampshire General Court. NHDES took part in regional discussions regarding implementation of a regional low carbon fuel standard between 2008 and 2015 as well as subsequent regional discussions regarding development of a regional "cap and invest" policy to reduce greenhouse gas emissions from the transportation sector. Since 2012 the cost of any participation in such discussions has been reported to the General Court as required by RSA 21-O:23 and totals \$47,748 over the nine-year period.

In December 2019, the participating Transportation and Climate Initiative (TCI) jurisdictions (not including NH) released a draft “Memorandum of Understanding” as well as modeling results that evaluated the potential economic and health benefits that could result from such a program. Due to NHDES’ involvement in the regional discussions, the department was able to fully inform the Governor’s office of the regional program plan prior to any public announcement by other TCI states. Governor Sununu subsequently announced that New Hampshire would not be participating in any further development of a regional cap and invest program. At that time, NHDES ceased most of its participation in the regional discussions. An accounting of reported expenses, additional background information, and a timeline of regional discussions is provided for further reference (see below).

Thank you again for the opportunity to provide this information on HB 373. If you have any questions or require further information, please contact Rebecca Ohler, Administrator, Technical Services Bureau (Rebecca.Ohler@des.nh.gov, 271-6749) or Michael Fitzgerald, Assistant Director, Air Resources Division (Michael.Fitzgerald@des.nh.gov, 271-6390).

Sincerely,

A handwritten signature in black ink, appearing to read "Robert R. Scott", with a long horizontal flourish extending to the right.

Robert R. Scott
Commissioner

cc: Sponsors of HB 373: Representatives Notter, Vose, Harrington, Aldrich, Osborne

SEE: Attachment Below

ATTACHMENT – OVERVIEW AND TIMELINE OF THE TRANSPORTATION AND CLIMATE INITIATIVE PROGRAM (TCI)

RSA 21-O:23 *Low Carbon Fuel Standards Programs; State Participation* does not allow the State to commit to any regional program that would have financial impacts to the State without legislative authority and specifically prohibits such participation in a low carbon fuel standard or other similar program:

I. The state of New Hampshire shall not join, implement, or participate in any state, regional, or national low carbon fuel standards program or any similar program that requires quotas, caps, or mandates on any fuels used for transportation, industrial purposes, or home heating without seeking and receiving prior legislative approval.

II. The department of environmental services may engage in regional and national discussions of such programs.

III. The department of environmental services shall report all expenses resulting from its discussions to the fiscal committee of the general court on a semi-annual basis.”

EXPENDITURES REPORTED

In compliance with RSA 21-O:23, NHDES has reported all expenses associated with our participation in the regional discussions as detailed below.

<u>Year</u>	<u>Hours</u>	<u>Cost</u>
2012	17.5	\$914.27
2013	3.5	\$182.57
2014	10	\$533.00
2015	7	\$421.53
2016	0	\$0.00
2017	48.5	\$3,205.10
2018	50	\$3,055.15
2019	673	\$38,980.43
2020	9	\$455.93
Total	818.5	\$47,747.98

BACKGROUND

NHDES took part in regional discussions regarding implementation of a regional low carbon fuel standard between 2008 and 2015. In 2012, HB 1487 was passed requiring reporting of time and expenditures associated with agency participation in these discussions as outlined above.

The Transportation and Climate Initiative was launched in 2010 with a Declaration of Intent signed by the Transportation, Energy and Environment agency commissioners of 11 states (including NH) and the District of Columbia. NH’s participation was discussed in coordination with Gov. Lynch and Gov. Hassan’s offices.

From 2012 – 2016 TCI’s work focused on four areas:

- The development of clean vehicles and fuels, including the creation of a regional electric vehicle network;
- Promoting the development of sustainable communities;
- Implementing communication and information technology throughout the region; and
- Improving the efficiency of freight transportation.

In 2017 six states (not including NH) and D.C. announced their intent to engage with key stakeholder groups to engage “communities and businesses in conversations that explore the opportunities and benefits that could be achieved from coordinated state action,” including “the benefits we would all like to see in the transportation system of the future, and the policies that will enable us to realize this future together.” Those discussions, including six regional listening sessions, were held throughout 2017 and 2018.

At the end of 2018, nine states (not including NH) and D.C. announced 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. New Hampshire participated in these discussion which helped to ensure state leadership understood the potential impact to both participating and non-participating jurisdictions in a regional program.

In December 2019, the participating TCI jurisdictions (not including NH) released a draft “Memorandum of Understanding” as well as modeling results that evaluated the potential economic and health benefits that could result from such a program. Due to NHDES’s involvement in the regional discussions, we were able to fully inform the Governor’s office of the regional program plan prior to any public announcement by other TCI states. Governor Chris Sununu announced at that time that New Hampshire would not be participating in any further development of a regional cap and invest program.

Since December 2019, New Hampshire has not participated in any further talks with the states and D.C. specific to the TCI-developed carbon cap and invest program, known as the “TCI-P” due to the confidential nature of the discussions (as we were not a signatory to the MOU). New Hampshire continues to participate in a very limited fashion in order to hear periodic updates regarding the progress of the cap and invest policy; again, in order to fully inform state leadership of these developments and any potential impacts on the state.