



The State of New Hampshire
Department of Environmental Services



Robert R. Scott, Commissioner

January 29, 2021

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

RE: HB 80-FN, An Act relative to expenditures from the energy efficiency fund

Dear Chair Vose and Members of the Committee:

Thank you for the opportunity to testify on HB 80-FN. This bill requires the Public Utilities Commission to include school districts in the allocation of energy efficiency funds, increases the statewide allocation for energy efficiency programs, and requires rebates from the use of auction proceeds to all commercial and industrial retail energy ratepayers. The New Hampshire Department of Environmental Services (NHDES) has no position on this bill, but remains available to answer questions, to provide information, and to otherwise assist the committee.

We offer the following background information to assist the committee. In the Fall of 2017, a committee established by SB 125 (2017) was convened to study costs in the State's electricity system and ways to mitigate those costs. Its findings included:

- *Generation costs are at their lowest in recent history, reaching a 15 year low in 2015;*
- *Transmission costs have increased significantly from 2005 to 2015;*
 - *There has been more than \$8 billion invested in transmission infrastructure;*
 - *ISO-NE estimates \$4 billion more in future investment through 2022;*
 - *The amount of electricity demand in each state determines its share of the cost;*
 - *In 2016, NH represented 9.5% of the New England total; and*
- *Energy efficiency is one of many ways to offset rising energy costs and can reduce demand.*

The full committee's recommendations included:

- *Reduce transmission costs and other costs allocated to NH by increasing spending on rigorously validated, cost-effective distributed generation, distributed resources, and energy efficiency programs that lower coincident peak demands.*

www.des.nh.gov

29 Hazen Drive • PO Box 95 • Concord, NH 03302-0095
(603) 271-3503 • TDD Access: Relay NH 1-800-735-2964

Most RGGI states already invest the majority of their proceeds in energy efficiency (56% of total RGGI cumulative investments)¹. Thus, electricity demand is forecasted by ISO-NE to decrease in the other New England states. Because NH invests less in energy efficiency, its demand is forecasted to increase in relationship to demand in other New England states. This could cause NH's share of the \$1.3 billion in anticipated future transmission infrastructure investment to increase above its current 9.5%. Thus, a 0.5% increase in load percentage would result in \$6.5 million in increased costs to NH.

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, as described below, any investment in cost-effective energy efficiency can directly benefit *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, particularly in the transmission component as noted above.

In addition, investment of RGGI proceeds in municipal, school, and local government efficiency projects help to reduce that community's operating expenses; thus, reducing local property taxes by an indeterminable amount.

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 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.

¹ "*Investment of RGGI Proceeds Through 2018*"

https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2018.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

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

The Honorable Michael Vose
Chair, Science, Technology, and Energy Committee
January 29, 2021
Page (3)

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. Another 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 could be well-served through increased investment of our RGGI proceeds in cost-effective energy efficiency.

Thank you again for the opportunity to comment on HB 80-FN. Should you have 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

Sponsors HB 80-FN: Representatives Mann, Cali-Pitts, and McWilliams

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)