

HB 1601-FN - AS INTRODUCED

2022 SESSION

22-2751

12/08

HOUSE BILL            ***1601-FN***

AN ACT                relative to funding of the NHsaves program

SPONSORS:            Rep. Somssich, Rock. 27; Rep. Caplan, Merr. 6

COMMITTEE:          Science, Technology and Energy

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ANALYSIS

This bill amends the amount of RGGI allowance revenues that are rebated to retail electricity ratepayers.

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Explanation:          Matter added to current law appears in ***bold italics***.  
Matter removed from current law appears ~~[in brackets and struckthrough.]~~  
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Twenty Two*

AN ACT relative to funding of the NHsaves program

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1 1 Legislative Findings and Purpose. The general court finds that:

2 I. The Regional Greenhouse Gas Initiative (RGGI) allowance sales revenue was originally  
3 intended to be used to support energy efficiency initiatives in the state of New Hampshire, including  
4 support of low-income energy efficiency measures and proposals that qualified as energy efficiency  
5 measures overseen by the public utilities commission and administered by NHsaves.

6 II. While the public utilities commission is projecting that the RGGI auction price will be  
7 going higher in the next few years, the funding for NHsaves will not be going up. This is due to the  
8 fact that currently only the first \$1 of each auction price goes to fund NHsaves regardless of how  
9 high the auction price is. Even today, NHsaves already runs out of funding by the middle of each  
10 year, since demand exceeds the funding available.

11 III. This bill would ensure that as the RGGI auction prices rises, so will funding for  
12 NHsaves. However, as a safeguard against loss of funding, the bill ensures that funding for  
13 NHsaves will not drop below the revenue that NHsaves received from the RGGI auctions in 2020.

14 2 Regional Greenhouse Gas Initiative; Energy Efficiency Fund and Use of Auction Proceeds.  
15 Amend RSA 125-O:23, II to read as follows:

16 II. All amounts in excess of [~~the threshold price of \$1 for any allowance sale~~]**15 percent of**  
17 ***the 2020 RGGI allowance revenue or 15 percent of the current year's RGGI allowance***  
18 ***revenue, whichever is higher***, shall be rebated to all retail electric ratepayers in the state on a  
19 per-kilowatt-hour basis, in a timely manner to be determined by the commission.

20 3 Effective Date. This act shall take effect 60 days after its passage.

**HB 1601-FN- FISCAL NOTE  
AS INTRODUCED**

AN ACT relative to funding of the NHsaves program.

**FISCAL IMPACT:**     State             County             Local             None

STATE:	Estimated Increase / (Decrease)			
	FY 2022	FY 2023	FY 2024	FY 2025
<b>Appropriation</b>	\$0	\$0	\$0	\$0
<b>Revenue</b>	\$0	Indeterminable	Indeterminable	Indeterminable
<b>Expenditures</b>	\$0	Indeterminable	Indeterminable	Indeterminable
<b>Funding Source:</b>	<input type="checkbox"/> General Efficiency Fund	<input type="checkbox"/> Education	<input type="checkbox"/> Highway	<input checked="" type="checkbox"/> Other - Energy

**COUNTY:**

<b>Revenue</b>	\$0	Indeterminable	Indeterminable	Indeterminable
<b>Expenditures</b>	\$0	Indeterminable	Indeterminable	Indeterminable

**LOCAL:**

<b>Revenue</b>	\$0	Indeterminable	Indeterminable	Indeterminable
<b>Expenditures</b>	\$0	Indeterminable	Indeterminable	Indeterminable

**METHODOLOGY:**

The Departments of Energy and Environmental Services reviewed this bill and have submitted a joint analysis of the fiscal impact. The Regional Greenhouse Gas Initiative (RGGI) is a multi-state initiative in which all six of the New England states participate, as well as five other northeastern and mid-Atlantic states. Each state participates by requiring fossil fueled electric generation facilities to purchase carbon dioxide emission allowances through regional auctions. This bill would amend RSA 125-O:23, II to convert the \$1 per allowance rebate threshold for auction proceeds deposited into the Energy Efficiency Fund (EEF) to a percentage (15%). The distribution of proceeds from the EEF would not change from current law.

Revenue Impact:

When compared to current law, the bill would not change revenue to the state. Revenue from auction proceeds was \$33 million for calendar year 2021. Future revenues will vary depending upon the auction clearing prices and the decreasing number of allowances offered, but for this analysis, a constant \$33 million per year is assumed.

Expenditure Impact.

Under current law, after deducting the cost of administration, revenue in excess of \$1 per allowance sold is allocated by the PUC for rebates to all electric ratepayers on a per-kilowatt-hour basis. The cost of administration is \$0.35 million. This bill would convert the \$1 threshold for rebates to a fixed percentage (15%). In 2021, 3,461,393 allowances were sold. In future years the number of allowance will decrease by 118,725 allowances per year. Allowance prices ranged from \$7.60 to \$13.00. When compared to current law, based on the calendar year 2021 amounts, the impact on rebates to electric ratepayers would be as follows:

	Current Law	Proposed Amendment
Auction Proceeds Revenue	\$33 million	\$33 million
Less: Cost of Administration	-\$0.35 million	-\$0.35 million
Subtotal:	\$32.65 million	\$32.65 million
Energy Efficiency Fund \$1 Per Allowance (Current Law)	-\$3.46 million	
Energy Efficiency Fund Proposed 15%		-\$4.90 million
Ratepayer Rebates:	\$29.19 million	\$27.75 million

The Departments indicate the decrease of ratepayer rebates would result in some near-term increase in electricity costs for state, county, and local governments. However, over the long-term, increased investment in energy efficiency projects would save ratepayers money. The costs/savings for state, county, and local governments are indeterminable.

**AGENCIES CONTACTED:**

Departments of Energy and Environmental Services