

HB 1621-FN - AS INTRODUCED

2022 SESSION

22-2732

12/08

HOUSE BILL **1621-FN**

AN ACT relative to reducing the rebates distributed by the energy efficiency fund.

SPONSORS: Rep. Mann, Ches. 2

COMMITTEE: Science, Technology and Energy

ANALYSIS

This bill eliminates the rebate amount distributed to retail electricity ratepayers and allocates all auction proceeds to support current or future energy efficiency resource standards programs.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 reducing the rebates distributed by the energy efficiency fund.

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

1 1 Energy Efficiency Fund and Use of Auction Proceeds; Rebate Reduction. Amend RSA 125-
2 O:23, II to read as follows:

3 II. ~~[A]~~ **For fiscal year 2021, all** amounts in excess of the threshold price of \$1 for any
4 allowance sale shall be rebated to all retail electric ratepayers in the state on a per-kilowatt-hour
5 basis, in a timely manner to be determined by the commission. **Beginning in fiscal year 2022 and**
6 **through fiscal year 2027, the rebate amount to all retail electric ratepayers shall be**
7 **decreased by \$1 per year. Beginning in fiscal year 2028 the rebate amount shall be set to**
8 **zero.**

9 2 Energy Efficiency Fund and Use of Auction Proceeds; Auction Proceed Allocation. RSA 125-
10 O:23, III(c) is repealed and reenacted to read as follows:

11 (c) Beginning January 1, 2022, and all subsequent years, all auction proceeds shall be
12 dedicated to support current or future energy efficiency resource standards programs. The
13 department of energy shall devise or discover low-cost, small-scale energy efficiency measures that
14 can be implemented by homeowners and distribute these at no cost through NHsaves or through
15 public schools, to enable savings to offset any decline in rebates, including but not limited to
16 programmable thermostats. The department of energy shall contract with the department of
17 education in developing coherent and successful education programs that will reach families. Said
18 programs may include video-based education distributed through NHsaves.

19 2 Effective Date. This act shall take effect 60 days after its passage.

HB 1621-FN- FISCAL NOTE
 AS INTRODUCED

AN ACT relative to reducing the rebates distributed by the energy efficiency fund.

FISCAL IMPACT: State County Local None

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

COUNTY:

Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

LOCAL:

Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

METHODOLOGY:

This bill eliminates the rebate amount distributed to retail electricity ratepayers and allocates all auction proceeds to support current or future energy efficiency resource standards programs.

The Departments of Energy and Environmental Services have submitted a joint analysis of the fiscal impact. When compared to current law, the bill would not change gross 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.

- The bill would phase out the allowance rebate threshold for auction proceeds deposited into the Energy Efficiency Fund.
- Rebates issued on a per-kilowatt-hour basis to all electric ratepayers, including residential and commercial and industrial would end in FY 2028.
- Beginning in FY 2022 and continuing through FY2027, the \$1 allowance rebate threshold would increase by \$1 per year, and the amount rebated to all electric ratepayers would decrease each year by an offsetting amount.

- The distribution of the amounts in the Energy Efficiency Fund would not change from current law.

Expenditure Impact:

Under current law, 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. This bill would increase the allowance rebate threshold by \$1 each year thereby increasing the amount deposited in the Energy Efficiency Fund and decreasing the amount allocated to ratepayer rebates. Assuming a static \$33 million of annual revenue, the Departments projected ratepayer rebates and the Energy Efficiency Fund would be impacted as follows:

Ratepayer Rebates

FY 2021 (Current)	\$29.2 million
FY 2022	\$25.6 million
FY 2023	\$21.9 million
FY 2024	\$18.1 million
FY 2025	\$14.2 million
FY 2026	\$10.1 million
FY 2027	\$5.9 million

In FY 2028 ratepayer rebates would end. In each year the amount deposited in the Energy Efficiency Fund would increase based on the \$1 per allowance per year increase as follows:

	<u>Emission allowances</u>	<u>Allowance rebate threshold</u>	<u>Energy Efficiency Fund</u>
FY 2021	3,461,393	\$1	\$3,461,393
FY 2022	3,342,668	\$2	\$6,685,336
FY 2023	3,223,943	\$3	\$9,671,829
FY 2024	3,105,218	\$4	\$12,420,872
FY 2025	2,986,493	\$5	\$14,932,465
FY 2026	2,867,768	\$6	\$17,206,608
FY 2027	2,749,043	\$7	\$19,249,301
FY 2028	All revenue after administration costs to the EEF		\$33,000,000

Termination of ratepayer rebates would result in some near-term increase in electricity costs for state, county, and local governments. 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.

The Department of Education does not anticipate this bill would require additional staff in the Department of Education.

AGENCIES CONTACTED:

Departments of Education, Energy and Environmental Services