

CHAPTER 236  
HB 306 – FINAL VERSION

20Mar2013... 0802h  
05/23/13 1626s

2013 SESSION

13-0663  
06/01

HOUSE BILL           **306**

AN ACT               relative to New Hampshire's regional greenhouse gas initiative.

SPONSORS:          Rep. Rappaport, Coos 1

COMMITTEE:        Science, Technology and Energy

---

AMENDED ANALYSIS

This bill modifies New Hampshire's regional greenhouse gas initiative.

-----

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                          Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

**CHAPTER 236**  
**HB 306 – FINAL VERSION**

20Mar2013... 0802h  
05/23/13 1626s

13-0663  
06/01

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Thirteen*

AN ACT                   relative to New Hampshire’s regional greenhouse gas initiative.

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

1           236:1 Multiple Pollutant Reduction Program; Rulemaking. Amend RSA 125-O:8, I(f) to read as  
2 follows:

3                   (f) Defining eligible projects for offset allowances under RSA 125-O:21, V, and  
4 establishing criteria to quantify and grant such allowances, including the accreditation of third-party  
5 verifiers, ***provided that the department may incorporate national or regional forestry***  
6 ***protocols by reference that are referenced in the RGGI model rule.***

7           236:2 Definitions; Compliance Period. Amend RSA 125-O:20, IV to read as follows:

8                   IV. “Compliance period” means a 3 calendar year time period~~[, unless extended one calendar~~  
9 ~~year by a stage 2 trigger event]~~. The first compliance period is from January 1, 2009 to December  
10 31, 2011~~[, unless a stage 2 trigger event extends the first compliance period to December 31, 2012]~~.  
11 Each subsequent sequential 3 calendar year period is a separate compliance period ~~[subject to a one-~~  
12 ~~year extension if a stage 2 trigger event occurs during the compliance period. The compliance period~~  
13 ~~shall never be longer than 4 calendar years]~~.

14           236:3 New Paragraph; Definitions; FCPBA. Amend RSA 125-O:20 by inserting after paragraph  
15 VII the following new paragraph:

16                   VII-a. “FCPBA” means “first compliance period banked allowances” which equals all of the  
17 2009, 2010, and 2011 vintage RGGI allowances that are banked by any person, excluding any state  
18 participating in the RGGI program, as of January 1, 2014, multiplied by 8,620,460 and divided by  
19 the product of 165,184,246 times 7.

20           236:4 New Paragraph; Definitions; SCPBA. Amend RSA 125-O:20 by inserting after paragraph  
21 XV the following new paragraph:

22                   XV-a. “SCPBA” means “second compliance period banked allowances” which equals all of the  
23 2012 and 2013 vintage RGGI allowances that are banked by any person, excluding any state  
24 participating in the RGGI program, as of March 15, 2014, minus the total 2012 & 2013 CO2  
25 emissions from all regional sources subject to RGGI, multiplied by 8,620,460 and divided by the  
26 product of 165,184,246 times 6.

27           236:5 Definitions; Regional Greenhouse Gas Initiative. Amend RSA 125-O:20, XII to read as  
28 follows:

**CHAPTER 236**  
**HB 306 – FINAL VERSION**  
**- Page 2 -**

1           XII. “Regional greenhouse gas initiative” or “RGGI” or “RGGI program” means the program  
2 to implement the memorandum of understanding (MOU) between signatory states, dated December  
3 20, 2005, as amended [~~on August 8, 2006 and April 20, 2007~~], and the corresponding model rule **as**  
4 **amended February 7, 2013**, to establish a regional CO2 emissions budget and allowance trading  
5 program for emissions from fossil fuel-fired electricity generating units.

6           236:6 Carbon Dioxide Emissions Budget Trading Program. RSA 125-O:21, II is repealed and  
7 reenacted to read as follows:

8           II. The program shall include a statewide budget allowance total for each year calculated as  
9 follows:

10           2014	4,749,011 minus FCPBA
11           2015	4,630,286 minus FCPBA minus SCPBA
12           2016	4,514,529 minus FCPBA minus SCPBA
13           2017	4,401,665 minus FCPBA minus SCPBA
14           2018	4,291,624 minus FCPBA minus SCPBA
15           2019	4,184,333 minus FCPBA minus SCPBA
16           2020	4,079,725 minus FCPBA minus SCPBA
17           2021 and thereafter	4,079,725

18           236:7 Unsold Allowances for Cost Containment. Amend RSA 125-O:21, III-a to read as follows:

19           III-a. Budget allowances that are required to be made available for sale at auction under  
20 paragraph III, but remain unsold, shall not be retired by the department, **and may be used for cost**  
21 **containment purposes under RSA 125-O:29.**

22           236:8 Carbon Dioxide Emissions Budget Trading Program. Amend the introductory paragraph  
23 of RSA 125-O:21, VI to read as follows:

24           VI. The department and the commission shall report on an annual basis to the air pollution  
25 advisory committee under RSA 125-J:11 and the legislative oversight committee on electric utility  
26 restructuring under RSA 374-F:5, on the status of the implementation of RGGI in New Hampshire,  
27 with emphasis on the prices and availability of RGGI allowances to affected CO2 sources, **consumer**  
28 **protection mechanisms**, and the trends in electric rates for New Hampshire businesses and  
29 ratepayers. The report shall include but not be limited to:

30           236:9 Carbon Dioxide Emissions Budget Trading Program. Amend RSA 125-O:21, VI(h) to read  
31 as follows:

32           (h) The status of any proposed or adopted federal CO2 cap and trade program, the  
33 impact on New Hampshire’s RGGI program, and recommendations for any proposed legislation  
34 necessary to accommodate the federal program; **and**

35           (i) **Effectiveness of allowance price control and consumer protection**  
36 **mechanisms, including, but not limited to, offsets, cost containment reserves, cost**

CHAPTER 236  
HB 306 – FINAL VERSION  
- Page 3 -

1 *thresholds, and consumer rebates.*

2 236:10 Compliance; Permit Required. Amend RSA 125-O:22, I and II to read as follows:

3 I. Each affected CO2 source shall obtain and retire a quantity of RGGI allowances  
4 equivalent to its CO2 emissions from fossil-fuel fired generation for each compliance period. *Such*  
5 *retirement shall be done in stages. At the end of both the first and second year of the*  
6 *compliance period, RGGI allowances equal to ½ of the affected source's CO2 emissions*  
7 *during each respective year shall be retired. At the end of the third year of the compliance*  
8 *period, the balance of the total allowances due shall be retired. The retirement of*  
9 *allowances at the end of the first and second year shall not apply to the compliance period*  
10 *ending December 31, 2014.*

11 II. An affected CO2 source may use offset allowances for up to 3.3 percent of its compliance  
12 obligation~~], except that in a given compliance period:~~

13 (a) ~~If a stage one trigger event occurs, an affected CO2 source may use offset allowances~~  
14 ~~for up to 5 percent of its compliance obligation; and~~

15 (b) ~~If a stage 2 trigger event occurs, the compliance period shall be extended to 4 years~~  
16 ~~and an affected CO2 source may use offset allowances for up to 10 percent of its compliance~~  
17 ~~obligation, including offset allowances or credits permanently retired from eligible international~~  
18 ~~trading programs, as approved by the department].~~

19 236:11 Threshold Price Rebate. Amend RSA 125-O:23, II to read as follows:

20 II. All amounts in excess of the threshold price of \$1 for any allowance sale shall be rebated  
21 to all ~~[default service]~~ **retail** electric ratepayers in the state on a per-kilowatt-hour basis, in a timely  
22 manner to be determined by the commission.

23 236:12 Auction of Budget Allowances. Amend RSA 125-O:26, II to read as follows:

24 II. Shall include the sale of allowances for current ~~[and future]~~ years **and may include the**  
25 **sale of allowances for future years** to promote transparency and price stability in a manner to be  
26 determined by the department in coordination with the regional organization;

27 236:13 Review of the New Hampshire RGGI Program. Amend RSA 125-O:27 to read as follows:

28 125-O:27 Review of the New Hampshire RGGI Program. At the time of the ~~[2012]~~ **2016**  
29 comprehensive review by the ~~[signatory states as required in the MOU]~~ **participating states**, the  
30 commission and the department shall concurrently review New Hampshire specific elements of the  
31 RGGI program, ~~[in particular RSA 125-O:23 and RSA 125-O:25,]~~ and include the results of such  
32 review **and any recommendations for revisions to the New Hampshire regional greenhouse**  
33 **gas initiative program under RSA 125-O:19-29, resulting from this review** in the agencies'  
34 annual report under RSA 125-O:21, VI.

35 236:14 New Section; Allowances Used for Cost Containment. Amend RSA 125-O by inserting  
36 after section 28 the following new section:

**CHAPTER 236**  
**HB 306 – FINAL VERSION**  
**- Page 4 -**

1           125-O:29 Cost Containment Allowances in Addition to the Budget.

2           I. For the purposes of cost containment, the department shall make available for sale at one  
3 or more auctions up to 260,935 allowances for 2014 or, for any year thereafter, up to 521,869  
4 allowances, that shall be in addition to the budget allowance total for the given year under RSA 125-  
5 O:21, II, if:

6                   (a) The CO2 allowance auction price equals or exceeds \$4 in 2014;

7                   (b) The CO2 allowance auction price equals or exceeds \$6 in 2015;

8                   (c) The CO2 allowance auction price equals or exceeds \$8 in 2016;

9                   (d) The CO2 allowance auction price equals or exceeds \$10 in 2017;

10                  (e) The CO2 allowance auction price equals or exceeds \$10.25 in 2018;

11                  (f) The CO2 allowance auction price equals or exceeds \$10.51 in 2019;

12                  (g) The CO2 allowance auction price equals or exceeds \$10.77 in 2020; or

13                  (h) In any year thereafter, the CO2 allowance auction price equals or exceeds 1.025  
14 multiplied by the auction price at which cost containment allowances were required to be made  
15 available in the previous calendar year rounded to the nearest whole cent, until further legislative  
16 action.

17           II. The allowances sold pursuant to paragraph I shall be replenished, such that the full  
18 521,869 allowances, if needed, are available the following calendar year.

19           236:15 Repeal. RSA 125-O:20, V, VIII, XVI, and XVII relative to regional greenhouse gas  
20 initiative definitions, are repealed.

21           236:16 Effective Date. This act shall take effect January 1, 2014.

22  
23 Approved: July 15, 2013

24 Effective Date: January 1, 2014