

SB 117-FN-LOCAL - AS AMENDED BY THE SENATE

03/12/2015 0728s

2015 SESSION

15-0881
06/09

SENATE BILL ***117-FN-LOCAL***

AN ACT relative to energy security and diversity.

SPONSORS: Sen. Soucy, Dist 18; Sen. Feltes, Dist 15; Rep. Murotake, Hills 32; Rep. Backus,
Hills 19

COMMITTEE: Energy and Natural Resources

AMENDED ANALYSIS

This bill:

I. Creates an exemption from assessed value, for property tax purposes, for property with a geothermal energy system.

II. Modifies the requirements for electric public utilities that are filing for rate recovery.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Fifteen

AN ACT relative to energy security and diversity.

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

1 1 Public Utilities Commission; Investigation of Net-Metered Resources. The commission shall
2 initiate a proceeding by July 30th, 2015 to:

3 I. Investigate the costs and benefits of renewable resources, net-metered pursuant to
4 RSA 362-A:9, including but not limited to the following variables: utility service territory,
5 participants, non-participants, resource type, and participant compensation rate to New Hampshire;
6 and

7 II. Investigate the implementation of standard offer contracts, or feed-in tariffs, for
8 customer-sited resources, net-metered pursuant to RSA 362-A:9, in New Hampshire.

9 2 New Subdivision; Geothermal Energy Systems Exemption. Amend RSA 72 by inserting after
10 section 72 the following new subdivision:

11 Geothermal Energy Systems Exemption

12 72:72-a Definition of Geothermal Energy Systems. In this subdivision “geothermal energy
13 system” means a system which produces useful thermal energy from geothermal energy to heat or
14 cool the interior of a building or to heat water for use in a building.

15 72:72-b Exemption for Geothermal Energy Systems. Each city and town may adopt under
16 RSA 72:27-a an exemption from the assessed value, for property tax purposes, for persons owning
17 real property that is equipped with a geothermal energy system as defined in RSA 72:72-a.

18 72:72-c Application for Exemption. Applications for exemptions under RSA 72:72-b shall be
19 governed by the provisions of RSA 72:33, 72:34, and 72:34-a.

20 3 Electric Utility Investment in Distributed Energy Resources; Purpose. Amend RSA 374-G:1 to
21 read as follows:

22 374-G:1 Purpose. Distributed energy resources can increase overall energy efficiency and
23 provide energy security and diversity by eliminating, displacing, or better managing traditional
24 fossil fuel energy deliveries from the centralized bulk power grid, **and decrease the need to buy**
25 **peak power from the regional wholesale market**, in keeping with the objectives of RSA 362-F:1.
26 It is therefore in the public interest to stimulate investment in distributed energy resources in New
27 Hampshire in diverse ways, including ~~[by encouraging]~~ **allowing** New Hampshire electric public
28 utilities to invest in **prudent** renewable and clean distributed energy resources at the lowest
29 reasonable cost to taxpayers benefiting the transmission and distribution system under state
30 regulatory oversight.

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1 4 Electric Utility Investment in Distributed Energy Resources; Definition; Distributed Energy
2 Resources. Amend RSA 374-G:2, II to read as follows:

3 II. “Distributed energy resources” in this chapter shall exclude electric generation
4 equipment interconnected with the local electric distribution system at a single point or through a
5 customer’s own electrical wiring that is in excess of [5] 6 megawatts.

6 5 Investments in Distributed Energy Resources. Amend RSA 374-G:4, I to read as follows:

7 I. Notwithstanding any other provision of law to the contrary, as provided in RSA 374-G:5, a
8 New Hampshire electric public utility may invest in or own, ***in part or in its entirety***, distributed
9 energy resources, located on or inter-connected to the local electric distribution system.

10 6 Rate Filing; Authorization. RSA 374-G:5 is repealed and reenacted to read as follows:

11 I. A New Hampshire electric public utility may seek approval from the commission for rate
12 recovery of its portion of the ownership of or investments in distributed energy resources by making
13 an appropriate rate filing. At a minimum, such filing shall include the following:

14 (a) A detailed description and economic evaluation of the proposed investment.

15 (b) A discussion of the costs, benefits, and risks of the proposal, including an analysis of
16 the costs, benefits, and rate implications to the participating customers, to the company’s default
17 service customers, and to the utility’s distribution customers.

18 (c) A description of any equipment or installation specifications, solicitations, and
19 procurements it has or intends to implement.

20 (d) A showing that the utility has used a competitive bidding process to reasonably
21 minimize costs of the project to ratepayers and to maximize private investment in the project.

22 (e) A showing that it has made reasonable efforts to involve local businesses in its
23 program.

24 (f) Evidence of compliance with any applicable emission limitations.

25 (g) A copy of any customer contracts or agreements to be executed as part of the
26 program.

27 II. The commission shall approve the public utility’s rate recovery of its portion of the
28 ownership or investment in a distributed energy resource if the commission finds such ownership or
29 investment is in the public interest. There shall be a rebuttable presumption that ownership of or
30 investment in a distributed renewable energy or energy efficiency, demand-reducing, or storage
31 resource is in the public interest. In determining whether ownership or investment is in the public
32 interest, the commission shall find that such ownership or investment:

33 (a) Using the societal test, will result in an economic benefit to the state and its
34 residents.

35 (b) Efficiently and cost-effectively realizes the purposes of the renewable portfolio
36 standards of RSA 362-F and the restructuring policy principles of RSA 374-F:3.

37 (c) Promotes the energy security, environmental, and economic development benefits of

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1 the investment to the state of New Hampshire.

2 (d) Is consistent with the state energy strategy.

3 III. Authorized and prudently incurred investments shall be recovered under this section in
4 a utility's base distribution rates as a component of rate base, and cost recovery shall include the
5 recovery of depreciation, a return on investment, financing, taxes, internal and external costs
6 prudently incurred related to the development of the resource and the regulatory approval process,
7 and other operating and maintenance expenses directly associated with the investment, net of any
8 offsetting revenues received by the utility directly attributable to the investment including revenues
9 from projects authorized by RSA 374-G. The utility may recover all reasonable costs associated with
10 the filing, whether or not the application is approved by the commission. Recovery of such project
11 costs could occur outside of a rate case.

12 IV. The commission may add an incentive to the return on equity component as it deems
13 appropriate to encourage investments in distributed energy resources.

14 V. The commission shall approve, disapprove, or approve with conditions a utility rate filing
15 under this section within 90 days of its filing. The commission may extend by order this deadline to
16 6 months at its discretion for any filing involving an investment in excess of \$1,000,000.

17 7 Effective Date. This act shall take effect 60 days after its passage.

SB 117-FN-LOCAL FISCAL NOTE

AN ACT relative to energy security and diversity.

FISCAL IMPACT:

The Public Utilities Commission states this bill, **as amended by the Senate (Amendment #2015-0728s)**, will have an indeterminable fiscal impact on state, county and local revenue and expenditures in FY 2016 and each year thereafter.

METHODOLOGY:

The Public Utilities Commission states this bill modifies the requirements for electric public utilities that are filing for rate recovery and creates an exemption from assessed value, for property tax purposes, for property with a geothermal energy system. The Commission states this bill directs the Commission to initiate a proceeding by July 30, 2015, to investigate the costs and benefits of renewable resources and investigate the implementation of standard offer contracts, or feed-in tariffs, for net-metered customer-sited resources. The overall impact on state expenditures is indeterminable but the Commission estimates consulting service costs will be \$200,000. The Commission states this bill enables cities and towns to adopt an exemption from the assessed value, for property tax purposes, for geothermal energy systems. Consequently, municipal revenues are expected to decrease by an indeterminable amount. The Commission states amending RSA 374-G:1-3 allows New Hampshire public utilities to invest in part or in its entirety, distributed generation, excluding electric generation equipment interconnected with the local electric distribution system at a single point or through a customer's own electrical wiring in excess of 6 megawatts. Without details on the financial arrangements and generation quantity, the fiscal impact for state, county and local governments is indeterminate. The Commission states amending RSA 374-G:5 would allow public utilities to seek approval from the Commission for rate recovery of its portion of the ownership or investments in distributed energy resources by making an appropriate rate filing; and recovery shall be approved by the Commission if it is found to be in the public interest. A utility is permitted to recover all reasonable costs associated with a filing, even if the application is not approved by the Commission. Without details on the financial arrangements and generation quantity, the fiscal impact for state, county and local governments is indeterminable.