

HB 1506-FN - AS INTRODUCED

2022 SESSION

22-2805

12/11

HOUSE BILL            ***1506-FN***

AN ACT                establishing a revolving clean energy accelerator fund in the department of energy.

SPONSORS:            Rep. McWilliams, Merr. 27; Rep. Walz, Merr. 23; Rep. Chretien, Hills. 42

COMMITTEE:          Science, Technology and Energy

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ANALYSIS

This bill creates a clean energy accelerator fund, administered by the department of energy, to finance goods and services producing low or zero greenhouse gas emissions and use other financial tools to mitigate climate change.

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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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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                    establishing a revolving clean energy accelerator fund in the department of energy.

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

1            1 New Subparagraph; Clean Energy and Sustainability Accelerator Fund. Amend RSA 6:12,  
2 I(b) by inserting after subparagraph 382 the following new subparagraph:

3                            (383) Moneys deposited in the clean energy accelerator fund under RSA 12-P:16.

4            2 New Section; Clean Energy and Sustainability Accelerator Fund. Amend RSA 12-P by  
5 inserting after section 15 the following new section:

6            12-P:16 Clean Energy and Sustainability Accelerator Fund.

7                    I. The department shall administer the clean energy and sustainability accelerator fund  
8 established under this section.

9                    II. As used in this section, unless the context otherwise indicates, the following terms have  
10 the following meanings:

11                    (a) "Alternative fuel vehicle project" means any project, technology, product, service,  
12 function, or measure that supports the development or deployment of alternative fuels used for  
13 electricity generation, alternative fuel vehicles, and related infrastructure, including infrastructure  
14 for electric vehicle charging stations, and that does not include the combustion of fossil fuels.

15                    (b) "Demand response project" means any project, technology, product, service, function,  
16 or measure that changes the usage of electricity by retail customers from normal consumption  
17 patterns in response to:

18                            (1) Changes in the price of electricity over time; or

19                            (2) Incentive payments designed to induce lower electricity use at times of high  
20 market prices or when system reliability is jeopardized.

21                    (c) "Electrification" means the installation, construction, or use of end-use electric  
22 technology that replaces existing technology based on fossil fuel consumption.

23                    (d) "Energy efficiency project" means any project, technology, product, service, function,  
24 or measure that results in the reduction of energy use required to achieve the same level of service or  
25 output obtained before the application of the project, technology, product, service, function, or  
26 measure.

27                    (e) "Fuel switching" means any project that replaces a heating system or industrial  
28 process using fossil fuels with a system or process that uses a different non-fossil fuel and achieves  
29 lower net greenhouse gas emissions.

1 (f) "Greenhouse gas" means any chemical or physical substance that is emitted into the  
2 air and that the department determines by rule may reasonably be anticipated to cause or contribute  
3 to climate change, including, but not limited to, carbon dioxide, methane, nitrous oxide,  
4 hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

5 (g) "Microgrid" means a group of interconnected loads and distributed energy resources  
6 within clearly defined electrical boundaries that acts as a single controllable entity in a larger  
7 electrical grid and that can connect to and disconnect from the larger grid to operate in either grid-  
8 connected or isolation mode.

9 (h) "Qualified projects" means the following kinds of technologies and activities that are  
10 eligible for financing and investment from the fund:

11 (1) Renewable energy generation, including:

12 (A) Solar, wind, and geothermal projects;

13 (B) Projects using small-scale hydropower that produce 30 megawatts or less of  
14 electricity as long as such a project provides 95 percent or greater efficiency for upstream and  
15 downstream passage for diadromous fish species present downstream of the project;

16 (C) Projects using ocean and hydrokinetic power generation;

17 (D) Projects using fuel cells to store energy; and

18 (E) Projects that are biomass generators fueled by wood or wood waste, landfill  
19 gas or anaerobic digestion of agricultural products, by-products, or wastes;

20 (2) Building energy efficiency, fuel switching, and electrification;

21 (3) Industrial decarbonization;

22 (4) Grid technology, such as storage to support clean energy distribution, including  
23 microgrids and smart grid applications;

24 (5) Clean transportation, including battery electric vehicles, plug-in hybrid electric  
25 vehicles, hydrogen vehicles, other zero-emissions fueled vehicles, related vehicle charging and  
26 fueling infrastructure, and low-emissions mass public transit; and

27 (6) Any other key areas identified by the department as consistent with the mandate  
28 of the fund as described in paragraph III.

29 (i) "Renewable energy generation" means electricity created by sources that are  
30 continually replenished by nature, such as the sun, wind, and water.

31 (j) "Renewable energy project" means the development, construction, deployment,  
32 alteration, or repair of any project, technology, product, service, function, or measure that generates  
33 electric power from renewable energy.

34 (k) "System efficiency project" means the development, construction, deployment,  
35 alteration or repair of any distributed generation system, energy storage system, smart grid  
36 technology, advanced battery system, microgrid system, fuel cell system, or combined heat and  
37 power systems.

1 (l) "Vulnerable communities" means:

2 (1) Low-income communities, defined as any geographical unit for which the United  
3 States Census Bureau publishes sample data in which 30 percent or more of the population are  
4 individuals with low income;

5 (2) Low-income households, defined as a household with annual income equal to, or  
6 less than, the greater of:

7 (A) An amount equal to 80 percent of the median income of the area in which the  
8 household is located, as reported by the federal Department of Housing and Urban Development; or

9 (B) Two hundred percent of the federal poverty line; and

10 (3) Communities of color and tribal communities, which include any geographically  
11 distinct area in which the population of color is higher than the average population of color of the  
12 state.

13 III. The clean energy and sustainability accelerator fund is hereby established as a  
14 dedicated, specialized finance program designed to drive private capital into market gaps for goods  
15 and services producing low or zero greenhouse gas emissions and use finance tools to mitigate  
16 climate change; that is funded by government, public, private, or charitable contributions; and that  
17 invests in or finances projects alone or in conjunction with other investors.

18 IV. The fund shall help the state combat the causes and effects of climate change through  
19 the rapid deployment of mature technologies and the commercialization and scaling of new  
20 technologies by maximizing the reduction of greenhouse gas emissions in the state for every dollar  
21 deployed by the fund, including by:

22 (a) Providing financing support for investments in low-emissions and zero-emissions  
23 technologies and processes in order to rapidly accelerate market penetration;

24 (b) Catalyzing and mobilizing private capital through public investment and supporting  
25 a more robust marketplace for clean technologies, while minimizing competition with private  
26 investment;

27 (c) Enabling communities affected by climate change to benefit from and afford projects  
28 and investments that reduce greenhouse gas emissions;

29 (d) Providing support for workers and communities affected by the transition to a low-  
30 carbon economy; and

31 (e) Causing the rapid transition to a clean energy economy without raising energy costs  
32 to end users and seeking to lower costs when possible.

33 V. The following provisions shall govern the department's finance and investment activities  
34 of the fund:

35 (a) The department may provide finance and investment services, including but not  
36 limited to:

1 (1) Originating, evaluating, underwriting, and closing financing and investment  
2 transactions in qualified projects;

3 (2) Partnering with private capital providers and capital markets to attract  
4 coinvestment from private banks, community development financial institutions, investors, and  
5 others in order to drive new investment into underpenetrated markets to increase the efficiency of  
6 private capital markets with respect to investing in greenhouse gas reduction projects and to  
7 increase total investment from the fund;

8 (3) Managing the fund's portfolio of assets to ensure performance and monitor risk;

9 (4) Ensuring appropriate debt and risk mitigation products are offered; and

10 (5) Overseeing prudent, noncontrolling equity investments.

11 (b) The department may provide capital to qualified projects in the form of:

12 (1) Debt financing;

13 (2) Credit enhancements, including loan loss reserves and loan guarantees;

14 (3) Aggregation and warehousing;

15 (4) Equity capital; and

16 (5) Any other financial product approved by the department.

17 VI. The department shall explore the establishment of a program to provide low-interest and  
18 zero interest loans, up to 30 years in length, to any school, municipal planning organization, or  
19 nonprofit organization seeking financing for the acquisition of zero greenhouse gas emissions vehicle  
20 fleets, or associated infrastructure, to support zero greenhouse gas emissions vehicle fleets.

21 VII. The following provisions shall govern the fund's project prioritization and requirements:

22 (a) While investing in projects that mitigate greenhouse gas emissions, the department  
23 shall maximize the reduction of greenhouse gas emissions in this State for every dollar deployed by  
24 the fund.

25 (b) The department shall ensure that 40 percent of investment activity from the fund is  
26 directed to serve vulnerable communities.

27 (c) For any project exceeding \$100,000 in total costs that is financed in whole or in part  
28 by the fund, the department shall ensure that, for those portions of the project that are funded by  
29 the fund, any workers employed by contractors and subcontractors conducting construction work on  
30 those portions are paid wages not less than those prevailing on similar construction in the locality.

31 VIII. The following provisions govern administration:

32 (a) The department may capitalize the fund with federal funds available from a national  
33 clean energy and sustainability accelerator and may accept other federal funds as available.

34 (b) To sustain operations, the department shall manage revenue from financing fees,  
35 interest, repaid loans, and other types of funding.

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1                   (c) The department shall create a publicly available annual report that describes the  
2 financial activities, greenhouse gas emissions reductions, and private capital mobilization metrics of  
3 the fund for the previous year.

4                   (d) The department may accept and use philanthropic funds.

5                   3 Effective Date. This act shall take effect 60 days after its passage.

**HB 1506-FN- FISCAL NOTE  
AS INTRODUCED**

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**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 Increase	Indeterminable Increase	Indeterminable Increase
<b>Expenditures</b>	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
<b>Funding Source:</b>	<input type="checkbox"/> General <input type="checkbox"/> Education <input type="checkbox"/> Highway <input checked="" type="checkbox"/> Other - Clean Energy and Sustainability Accelerator Fund			

**LOCAL:**

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

**METHODOLOGY:**

This bill creates a clean energy accelerator fund, administered by the department of energy, to finance goods and services producing low or zero greenhouse gas emissions and use other financial tools to mitigate climate change.

The Department of Energy indicates these types of programs are commonly referred to as “Green Banks”. The Department would be charged with establishing a program to provide low or no interest loans to schools, municipal planning organizations, or nonprofits seeking financing to purchase zero emissions vehicles for their fleets and associated infrastructure. The Department is charged with ensuring that any workers employed by contractors and subcontractors conducting construction work for any portion of certain projects funded by the fund are paid wages no less than those prevailing on similar construction in the locality. The fund would be capitalized by funds from national clean energy and sustainability accelerators, federal grant funds or gifts. As of early November 2021, while there are discussions in Washington about providing such federal funding for clean energy and sustainability accelerators, nothing has been signed into law. The Department does not currently administer any loan programs directly and does not monitor local wages, and therefore these new duties could not be absorbed by existing

staff, nor could the duties be paid for by utility assessment. There is no provision for general funding, so the program would have to be entirely self-funding in accordance with proposed RSA 12-P:16, VIII(b). In addition, the size of the fund would drive the number of staff needed to develop program(s), draft proposed rules, create forms, review applications, make awards, ensure compliance and reporting requirements are met, verify that greenhouse gas emissions reductions have been realized, and administer repayment of the loans.

It is assumed that any fiscal impact would occur after FY 2022.

**AGENCIES CONTACTED:**

Department of Energy