HB 630-FN - AS AMENDED BY THE HOUSE

14Feb2023... 0488h

2023 SESSION

23-0718
10/04

HOUSE BILL ***630-FN***

AN ACT establishing a revolving green bank in the department of energy.

SPONSORS: Rep. McWilliams, Merr. 30; Sen. Whitley, Dist 15; Sen. Perkins Kwoka, Dist 21; Sen. Fenton, Dist 10

COMMITTEE: Science, Technology and Energy

AMENDED ANALYSIS

This bill creates a green bank 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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 Three

AN ACT establishing a revolving green bank in the department of energy.

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

1 New Subparagraph; Application of Receipts; Dedicated Fund; Green Bank Amend RSA 6:12, I(b) by inserting after subparagraph (387) the following new subparagraph:

(388) Moneys deposited in the green bank fund under RSA 12-P:16.

2 New Section; Green Bank. Amend RSA 12-P by inserting after section 15 the following new section:

12-P:16 Green Bank.

I. The department shall administer the green bank fund established under this section.

II. In this section:

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

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

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

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

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

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

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

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

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

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

(1) Renewable energy generation, including:

(A) Solar, wind, and geothermal projects;

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

(C) Projects using ocean and hydrokinetic power generation;

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

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

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

(3) Industrial decarbonization;

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

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

(6) Any other key areas identified by the department as consistent with the mandate of the fund as described in paragraph III and consistent with the terms and conditions of any federal funding.

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

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

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

(l) "Vulnerable communities" means:

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

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

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

(B) Two hundred percent of the Federal Poverty Guidelines.

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

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

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

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

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

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

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

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

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

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

(2) Partnering with private capital providers and capital markets to attract coinvestment from private banks, community development financial institutions, investors, and others in order to drive new investment into underpenetrated markets to increase the efficiency of

private capital markets with respect to investing in greenhouse gas reduction projects and to increase total investment from the fund;

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

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

(5) Overseeing prudent, noncontrolling equity investments.

(b) The department, or its partner organizations, may provide capital to qualified projects in the form of:

(1) Debt financing;

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

(3) Aggregation and warehousing;

(4) Equity capital;

(5) Grants; and

(6) Any other financial product approved by the department.

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

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

(a) While investing in projects that mitigate greenhouse gas emissions, the department shall maximize the reduction of greenhouse gas emissions in this state to the greatest extent possible for every dollar deployed by the fund.

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

VIII. The following provisions govern administration:

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

(b) To sustain operations, the department may use capitalization funds, financing fees, interest, repaid loans, and other types of funding. The department may immediately use federal funds, as permitted, upon receipt to pay for administrative costs related to administering the green bank fund.

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

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

(e) The department may enter into contracts with third parties for the management of funds and programs.

3 Effective Date. This act shall take effect 10 days after its passage.

LBA
23-0718
Revised 1/12/23

HB 630-FN- FISCAL NOTE
AS INTRODUCED

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

FISCAL IMPACT: [X] State [ ] County [ ] Local [ ] None

	Estimated Increase / (Decrease)			
STATE:	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**
Appropriation	$0	$0	$0	$0
Revenue	$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Expenditures	$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source:	[ ] General [ ] Education [ ] Highway [X] Other - Clean Energy Accelerator Fund			

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 fund would be capitalized by funds from national clean energy and sustainability accelerator, federal grant funds, public, private, or charitable contributions or gifts. National clean energy and sustainability accelerator funds would require the Department to ensure that any workers employed by contractors and subcontractors conducting construction work for any portion of certain projects funded by the program are paid wages no less than those prevailing on similar construction in the locality. The Department does not currently administer any loan programs directly and does not monitor local wages, and therefore these would be new duties that could not be absorbed by existing staff, nor could the duties be paid for by utility assessment. Since there is no provision for general funding, the Department assumes the program would have to be self-funding in accordance with proposed RSA 12-P:16, VIII(b). In addition, the size of the fund would determine 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. Therefore, the impact on State revenues and expenditures is indeterminable.

AGENCIES CONTACTED:

Department of Energy