

The State of New Hampshire
Department of Environmental Services

Thomas S. Burack, Commissioner

*Celebrating 25 years of protecting
New Hampshire's environment.*

N.H.P.U.C. Case No. <u>DE 10-188</u>
Exhibit No. <u>#60</u>
Witness <u>Panali</u>
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August 29, 2012

Debra A. Howland
Executive Director
Public Utilities Commission
21 S. Fruit St, Suite 10
Concord, N.H. 03301-2429



Re: Docket Number DE 10-188 CORE Energy Efficiency Programs

Dear Ms. Howland:

The Supplemental Order of Notice Relative to Electric Utilities, issued by the Commission July 13, 2012, posed a number of questions regarding use of existing and future Regional Greenhouse Gas Initiative (RGGI) funds in 2012 and beyond. The New Hampshire Department of Environmental Services (DES) is providing comments in response to this Supplemental Order and the technical session held on August 1, 2012 for the commission's consideration in your review of the proposals submitted by the utilities and other interested parties.

The questions raised in the supplemental order of notice were to be considered based on presently available RGGI funds of approximately \$2 million and anticipated additional RGGI funds of \$3 to \$6 million available after January 1, 2013. The notice directs utilities to submit proposals to spend the currently available \$2 million through the CORE programs in the current program year (2012). The notice is not clear on whether the \$2 million must be spent through the CORE programs or if other alternatives may be considered. The department's comments herein assume other alternatives are open to the commission. The notice is silent on the use of the anticipated funds to be generated in future RGGI auctions scheduled for September 1, and December 1, 2012 in the current calendar year.

While DES has no comment on several of the issues raised, the department does offer the following comments on the inter alia issues:

What amount of RGGI funds will likely remain to be transferred to the energy efficiency fund as of January 1, 2013?

Based on the results of the most recent auction the department estimates approximately \$4 million will be generated in the two remaining auctions. Whether these RGGI funds will remain at the end of the year depends on whether the commission is considering utilizing some of these funds to support existing RGGI-funded programs through the adjudicative process prior to the end of the calendar year.

Should RGGI funds be specifically allocated to low income programs?

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Yes. Currently, Revised Statutes Annotated (RSA) 125-O:23, III specifies that at least 10% of RGGI proceeds be used to assist low-income residential customers. While House Bill 1490 repealed this requirement as of January 1, 2013, the use of existing funds should be used in a manner consistent with the current statutory requirements. Additionally, for the past several years federal stimulus funds provided needed funding, and much progress has been made in building in-state capacity to meet the demand for weatherization and energy efficiency improvements in the low-income sector. Though the capacity to meet this demand still exists, the stimulus funds do not. Continued emphasis on low-income assistance programs will achieve significant energy savings that would not otherwise occur in this housing sector, aid the most vulnerable in our society, and provide continued employment for the service providers.

Should RGGI funds be used to expand existing programs or be used to develop new innovative programs?

Given the short time frame for allocating and spending the 2012 RGGI funds the Commission will likely need to restrict use of funds to existing programs. However, the Commission should remain cognizant of the fact that there are existing programs not only within the utility CORE programs, but also existing RGGI-funded programs that have been highly successful. These programs include, among others, TRC's "Pay for Performance" program, the NH Community Loan Fund undertaking deep retrofits in the manufactured housing sector; and the NH Housing Finance Authority's work with the Community Action Agencies to undertake energy efficiency upgrades in low-income apartment buildings. These programs have been very successful in reaching sectors that are perhaps not targeted by the utility CORE programs, such as K-12 schools, multi-family buildings, and water and wastewater facilities. The implementing entities have partnered very effectively with the utility CORE programs and have undertaken aspects of energy efficiency not covered by the CORE programs, thus enabling deeper energy efficiency improvements than would have occurred absent the RGGI programs. Now that awareness of the RGGI programs has been built up and the groundwork necessary to actually implement projects laid, discontinuation of these programs due to lack of funding would not be in the best interests of New Hampshire's business and residential communities or municipalities. The department urges the Commission to consider directing funds to these existing RGGI-funded programs to continue the established good work of these programs into the future either through the CORE programs or directly. This suggestion applies not only to the currently available 2012 RGGI funds, but also to the funds projected to be realized in the next two 2012 auctions, and to RGGI income received beginning in 2013.

How should RGGI funds be accounted for within the CORE energy efficiency programs?

The utilities have experience with accounting for RGGI funds within their CORE programs and should continue to account for these CORE funds separately from other CORE funding sources.

Should performance incentives be earned on the RGGI funds?

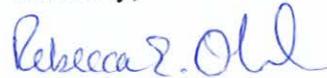
The department notes that House Bill 1490 specifically refers to the RGGI funds as “an additional source of funding” for the CORE programs and does not call for performance incentives to be earned by the utilities on these funds. As such, the department does not feel it is appropriate for performance incentives to be earned, an action that would reduce the amount of funds available for energy efficiency improvements in the state.

Is it appropriate to transfer any existing RGGI funds to the CORE programs prior to January 1, 2013?

The department is recommending that RGGI funds be used to add to the CORE programs as well as provide continued support for some existing RGGI-funded programs as discussed above. Whether this support of existing RGGI-funded programs should be accomplished through the CORE programs or directly from the Commission through an adjudicative process is for the Commission to determine.

The department appreciates the opportunity to provide these comments which we hope will help guide the Commission’s review of program proposals submitted by the utilities and other interested parties.

Sincerely,



Rebecca E. Ohler
Energy Programs Manager
Air Resources Division