



**Comments of Natalie Hildt, Manager of Public Policy Outreach
Northeast Energy Efficiency Partnerships (NEEP)
To the House Committee on Science, Technology and Energy
Regarding House Bill 1490 - An Act Repealing New Hampshire's Regional Greenhouse Gas Initiative
Cap and Trade Program for Controlling Carbon Dioxide Emissions
February 14, 2012**

Chairman Garrity, Vice-Chairman Holden, and members of the Committee:

On behalf of Northeast Energy Efficiency Partnerships (NEEP)¹, thank you for the opportunity to provide comment on HB 1490, a bill that would repeal New Hampshire's participation in the Regional Greenhouse Gas Initiative (RGGI). As you know, NEEP is a regional nonprofit organization that works to accelerate the efficient use of energy in homes, buildings and industry in the Northeast. We are committed to this work because saving energy creates a stronger economy, a cleaner environment and a more reliable and affordable energy system, goals which we know that you share.

In light of last year's extensive discussion about New Hampshire's participation in the RGGI program, we do not wish to re-state our [comments](#) from that time. Rather, as a non-partisan organization that deals with energy efficiency matters, we offer three observations for your consideration as you debate the future of RGGI in New Hampshire.

1. RGGI Participation Strong throughout the Northeast Region

At this time last year, the RGGI program was in flux, with certain state in the region, including New Hampshire, considering whether to remain in the program. One year later, all of the ten states are still legally members of RGGI. While New Jersey is currently opting not to participate in carbon auctions, it is unclear how long this will continue to be the case. The largest states in the Northeast, including Connecticut, Maryland, Massachusetts, and New York, have all reiterated their commitment to RGGI, meaning that the program will continue with nine states for the foreseeable future. Because of this, RGGI program costs and benefits will continue to be a factor in the cost of electricity in the New England power grid and New Hampshire customers will continue to pay for the cost of participation in RGGI—regardless of whether it is a formal participant or not.

2. Efficiency Gains Overcome RGGI Compliance Costs

Like most other states around the region, New Hampshire uses its RGGI auction revenues to fund projects that seek to benefit ratepayers, primarily measures to improve energy efficiency. The investment of proceeds in projects in New Hampshire has the potential to generate long-term economic

¹ [NEEP](#) is a regional non-profit organization founded in 1996 whose mission is to promote the efficient use of energy in homes, buildings, and industry throughout the Northeast and Mid-Atlantic through regionally coordinated programs and policies that increase the use of energy efficient products, services and practices, and help achieve a cleaner environment and a more reliable and affordable energy system. The comments are presented by NEEP staff and don't necessarily reflect the views of NEEP's Board, sponsors or partners.

benefits by reducing energy costs for residents and businesses and promoting the home-grown energy efficiency sector rather than out-of-state fossil fuel resources.

Recent studies show that the energy and economic benefits that accrue from New Hampshire's participation in RGGI are significantly greater than their costs. An independent assessment by economists from the University of New Hampshire performed last year found that benefits through 2010 amounted to \$28.2 million compared with \$11.7 million in costs. The majority of these benefits resulted from investments through the utility energy efficiency programs, also known as New Hampshire's "CORE" programs. A study by the Boston-based Analysis Group² found similar results, with a program resulting in a net gain of \$17 million to the New Hampshire economy. The state risks losing these benefits if it leaves RGGI or decides not to participate in future carbon auctions.

3. Reform Could Generate Greater Benefits

We reiterate our support for changes to the current RGGI program, similar to those proposed by leaders in the Senate last year. Specifically, we support increasing the proportion of funds that go directly to the CORE electric energy efficiency programs instead of through the current grant-based process. Dedicating 80 percent of RGGI proceeds for ratepayer energy efficiency programs would be a more economical use of funds than the current process. Connecticut, Massachusetts and Rhode Island are examples of states that leverage ratepayer funding with RGGI proceeds for their utility-administered efficiency programs, thus allowing them to reach more customers and help them save energy and money.

The remaining 20 percent of auction proceeds could be dedicated to energy savings projects for the largest commercial and industrial customers, who may face higher compliance costs with RGGI than other customer sectors. A number of states in the Northeast, such as Maine, have already taken this approach and NEEP would be happy to discuss this option with members of this Committee.

In short, we believe that the existence of a regional power pool and the favorable economic impact of RGGI justify New Hampshire remaining within the program. Reform offers an opportunity to make even further gains by investing more of the state's RGGI auction proceeds into cost-effective ratepayer efficiency programs. Thank you for the opportunity to comment on this legislation, and please do not hesitate to contact me with any questions.



Natalie Hildt
Manager of Public Policy Outreach
Northeast Energy Efficiency Partnerships (NEEP)
781-860-9177 x 121 or nhildt@neep.org

² Report available at <http://www.analysisgroup.com/rggi.aspx>