



**Comments of Natalie Hildt, Manager of Public Policy Outreach
Northeast Energy Efficiency Partnerships (NEEP)
To the Senate Committee on Energy, Environment and Economic Development
Regarding New Hampshire Senate Bill 393-FN-a
February 18, 2010**

Introduction

Northeast Energy Efficiency Partnerships (NEEP) is pleased to submit comments to the Senate Committee on Energy, Environment and Economic Development regarding SB 393-FN-a, which proposes to create a Sustainable Energy Loan Fund (SELF).¹

NEEP is a regional nonprofit that promotes the efficient use of energy in homes, buildings and industry in the Northeast. We advance cutting-edge products and practices through coordinated, whole-building efficiency programs and policies. Saving energy creates a stronger economy, a cleaner environment and a more reliable and affordable energy system.

NEEP welcomes the opportunity to discuss tools aimed at financing energy efficiency and renewable energy projects in New Hampshire. Appropriate financing mechanisms could help bolster the state's progress toward energy efficiency and greenhouse gas reduction goals, particularly in the area of residential efficiency retrofits.

However, NEEP strongly opposes SB 393-FN-a because it would undermine existing sources of efficiency funding, is seriously lacking in guidelines for acceptable efficiency measures and verification of savings, and would add unnecessary new layers of administration that are not clearly coordinated with existing efficiency or renewable programs.

The legislation proposes to take \$10 million (or 50 percent) of the Greenhouse Gas Reduction Fund, New Hampshire's proceeds from the Regional Greenhouse Gas Reduction Initiative (RGGI). NEEP opposes this measure because it would divert funds dedicated to the state's Core energy efficiency programs as part of the Public Utility Commission's bidding process. Furthermore, all of the state's RGGI proceeds are only projected to be in the neighborhood of \$8 million for 2010, which makes this proposal even more untenable.

This action would be particularly damaging now as the recently enacted SB 300, relative to low-income energy assistance, will reduce the Core energy efficiency program budget by approximately \$3.2 million over the next year and a half. (At time of writing it is uncertain whether the PUC will propose closing this shortfall with RGGI funds).

¹ These comments are offered by NEEP staff and do not necessarily represent the view of NEEP's Board of Directors, sponsors or underwriters.



NEEP cautions the legislature to avoid making piecemeal changes to the Greenhouse Gas Reduction Fund, which may result in continuous adjustments to how the state uses these RGGI proceeds. If changes to the fund are necessary, they should be made in a comprehensive manner to coordinate with existing energy efficiency programs in order to leverage ratepayer and RGGI dollars to produce the most cost-effective reductions in energy use and greenhouse gas emissions.

Other states in the RGGI compact direct all or most of their auction proceeds directly toward carefully developed, regulated and evaluated ratepayer efficiency programs. It has been a continuing concern that disbursement of funds outside of existing programs are difficult to administer and verify, especially since there are no common standards for measure installation, lists of eligible equipment and so forth. SB 393-FN-a would thus present major administrative challenges. NEEP would be happy to provide members of the committee with further information about how other states throughout the Northeast region make optimal use of RGGI dollars.

As for financing models in other states, NEEP continues to monitor evolution of various vehicles including financing through property taxes and on-bill repayment, which has long been offered for certain business rate classes but is relatively new for residential customers. Massachusetts is currently developing a residential customer on-bill model now through their stakeholder board, the Energy Efficiency Advisory Council.

Another example is the HEAT Loan Program offered in Massachusetts. Participating lenders offer zero percent loans (up to \$15,000 and seven years) to assist customers with the installation of qualified energy efficient improvements in their homes. The HEAT loans are closely coordinated with utility sponsored efficiency programs. To apply, the customer must first obtain a Home Energy Assessment through the MassSAVE Program.

The Public Utilities Commission has recently directed \$3.5 million in RGGI dollars toward revolving loan funds through the New Hampshire Business Finance Authority and the Community Development Financing Authority for large businesses and municipalities. While these are different kinds of customers, NEEP recommends that the legislature wait until these programs have been evaluated to determine the effectiveness and pitfalls before authorizing a major new financing initiative for small business and residential customers.

Again, NEEP agrees with the principle of developing sound mechanisms to help customers finance their energy saving improvements; however we disagree with this legislation as written for the reasons explained above. Thank you for the opportunity to provide comments on this important issue.