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Submitted electronically via: cprg@des.nh.gov

Jennifer Galbraith, Program Manager
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NHDES Technical Services Bureau
P.O. Box 95
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Re: Draft Climate Planning Resource Guide

Dear Jennifer Galbraith,

Northeast Energy Efficiency Partnerships (NEEP), Nichols Engineering PLLC, and Clean Energy New Hampshire are a group of organizations with broad missions to serve the public interest and advance energy efficiency for its multiple benefits to consumers, the environment, and the economy. On behalf of these signatory organizations, we are pleased to submit comments related to New Hampshire's Climate Planning Resource Guide draft.

We thank the New Hampshire Department of Environmental Services (NHDES) for the opportunity to provide input on the draft Climate Planning Resource Guide (Draft Guide). We commend NHDES for what they have done so far in advancing energy efficiency across New Hampshire and for the continued commitment to finding money-saving strategies for Granite Staters. We support all efforts to continue to advance energy efficiency and electrification measures described in the Draft Guide.

New Hampshire residents and businesses face some of the highest energy costs in the nation. Many customers, including low- to moderate-income customers and those located in remote and rural areas, face uniquely high market barriers and costs. Affordability is a front-of-mind concern, especially in this time of rising heating and electricity costs.

Energy efficiency programs play a critical role in improving energy affordability by reducing overall energy consumption and lowering customer bills. These programs support the deployment of advanced technologies; provide targeted incentives and assistance for underserved customer segments, including low- and moderate-income households and renters; improve grid efficiency to help contain system costs; and encourage prudent long-term utility planning and investment. Investing in energy efficiency reduces dependence on imported fuels and exposure to volatile energy markets, creates local employment opportunities and supports workforce development, and strengthens grid reliability and resilience by reducing peak demand, improving system efficiency, and deferring the need for costly infrastructure investments. The following comments are intended to provide additional technical assistance and resources relating to the Draft Guide, with a focus on chapters 7 (Buildings) and 8 (Electricity).

General Recommendations: Fair Distribution and Future Cost-Effectiveness Evaluation

Recommendation: Distribute program benefits fairly.

As NHDES works to lower everyday New Hampshire residents' utility bills, it should ensure that program reach is distributed fairly and targeted to those with the highest energy burden. While the Draft Guide includes analyses of statewide and community impacts, policymakers might consider how benefits are distributed geographically and across customer groups. A distributional assessment is one framework New Hampshire could use to ensure programs reach those most in need. This kind of assessment can identify participation barriers and specify safeguards for people at risk of adverse effects. Assessments could be conducted for each major household-facing measure, with results reported by household demographic. Implementers should explain how they will address unequal access or adverse outcomes. For more on distributional equity assessments, please refer to NEEP's report Centering Equity with Metrics.

Recommendation: Consider updating cost-effectiveness frameworks.

Looking forward, New Hampshire can also update cost-effectiveness frameworks to align with state energy priorities. As implementation progresses over the coming years, regulatory and utility processes could explore opportunities to better account for benefits such as energy affordability, arrearage reduction, peak demand impacts, and health and safety improvements. These considerations can help ensure that efficiency programs continue to align with the state's broader affordability, reliability, and economic objectives.

Recommendations for Chapter 7: Buildings Sector

Strategy: B.1. Residential Weatherization and Efficiency Upgrades

The Draft Guide demonstrates how foundational strategies for energy efficiency like weatherization, energy audits, financing options, and whole-home efficiency upgrades reduce household energy costs. Existing programs administered through partners like utilities and community action agencies provide important support for New Hampshire residents to help lower bills for participants. The Draft Guide includes continued work with community action programs for no-cost energy audits and weatherization assistance, as well as income-eligible programs like the Home Energy Assistance (HEA) program for high-energy-burdened home envelopes and heating efficiency. Finally, the Draft Guide highlights the Home Energy Performance Program for a whole-house energy efficiency approach.

Continuing these measures provide an important foundation for lowering home energy costs and encouraging customer participation. In addition, we offer three recommendations for increasing participation, targeting weatherization services, and integrating weatherization and electrification.

Recommendation: Increase participation for low- and moderate-income residents through existing networks.

Additional approaches can increase participation for low- and moderate-income residents through existing community networks. Communications, educational materials, and small self-install measures could be disseminated through libraries, churches, municipal Chambers of Commerce, organizations serving immigrants

and refugees, food banks and pantries, and other non-profits that have long-standing relationships with their communities. New Hampshire could further improve access to efficiency programs by establishing a centralized home upgrade hub that helps residents navigate available programs and incentives. This can simplify enrollment and improve available funding sources while ensuring a customer has options for their home's specific needs.

Recommendation: Target weatherization to customers with high energy use.

When weighing the availability of funds and the needs of customers, New Hampshire could prioritize weatherization for customers with the highest energy burden. Weatherization programs can reduce energy costs, improve comfort and passive survivability during adverse weather events, and ensure those most in need benefit by prioritizing customers with high energy usage, past-due bills, or difficulty paying their energy costs. Another filter utilities and other implementers can use is location. Implementers can identify geographically clustered, underserved customers to bundle similar projects together to reduce contractor travel time and resources. For income-eligible households, eligible project costs should include necessary electrical upgrades and other home health and safety repairs when their absence would otherwise prevent participation.

Recommendation: Integrate weatherization and electrification solutions.

Policymakers can reform program guidance to explicitly enable integrated weatherization and electrification solutions, paired with qualified contractor training. Heat pump installations without thermal envelope improvements or equipment that is not properly designed can make well-intentioned homeowners wary of the equipment and discourage them and their communities from further adoption of efficiency and electrification measures. Current requirements can limit the ability to pair electrification and weatherization in ways that would maximize long-term savings. NEEP has documented how coordinated weatherization and heat pump installations can deliver enhanced energy benefits and enhanced customer experience.

Additionally, implementers should consider providing clear estimates of expected changes in annual energy costs based on existing systems and expected electricity use after heat pump installations. Program materials should identify responsibility for ongoing maintenance and service.

Strategy: B.2 Heat Pumps in Residential Buildings

The Draft Guide identifies heat pump technology as an important strategy for improving residential energy performance. New Hampshire benefits from utility incentive programs, regional initiatives like the New England Heat Pump Accelerator, and federal funding opportunities that support heat pump adoption. Continued participation in these programs keeps New Hampshire at the forefront of technological advances, while maintaining relationships with others in the industry to learn from their shared successes.

Recommendation: Establish a fuel neutral goal for NHSaves to ensure lower energy usage for all customers.

Homes that convert to heat pumps from electric resistance or delivered fuels can reduce winter bills by over $1,000. Currently, NHSaves has barriers that constrain customer choice when selecting how to best heat and cool their homes. Existing program structures may discourage the deployment of certain high-efficiency electrification measures like heat pumps by limiting how savings are counted and credited. HB549 (2022)

requires that electric utilities count any electric savings from energy efficiency programs, and gas utilities count gas savings from efficiency programs, separately. Fuel-neutral savings such as reduced use of delivered fuels contribute cost-effective energy savings, but they do not contribute towards combined savings goals. As a result, customers may not receive access to the full range of measures and cost-effective options available – like heat pumps—to reduce energy costs and improve home comfort.

To correct for this imbalance, policy reforms can establish a fuel neutral goal for NHSaves that recognizes the full benefits of fuel-neutral efficiency and electrification measures while maintaining transparent program accounting principles.

Recommendation: Advance heat pump workforce development.

Developing a statewide network of qualified heat pump contractors could strengthen workforce capacity, improve installation quality, and increase consumer confidence. This network could include both HVAC and electrical contractors. Contractor certification and training networks have proven effective in other jurisdictions and can help ensure customers receive consistent, high-quality service. By engaging with existing and new contractors and standardizing training, New Hampshire can build a more reliable, trusted workforce that benefits both tradespeople and the local community.

Strategy: B.3, B.4 Energy Audits and Upgrades for State, Municipal, and Commercial Buildings

The Draft Guide identifies substantial opportunities for efficiency improvements in state, municipal, and commercial buildings with cost-effective measures like air sealing and insulation to reduce operating expenses from energy waste. The five-year weatherization contract for building envelope improvements for state agencies and facilities will continue to improve and streamline energy efficiency implementation. To reach privately-owned commercial buildings, New Hampshire signed into law SB4, *An Act Relative to Commercial Property Assessed Clean Energy and Resiliency (C-PACER)*, which operationalizes an existing program enabling loans taken out for energy efficiency improvements to be paid back as part of property taxes. As interest rates remain high, useful financial programs like this give commercial building owners more opportunities to increase building efficiency. In addition to offering financing, New Hampshire could consider targeting program delivery toward building types, including multifamily buildings.

Recommendation: Implement a multifamily housing-focused strategy.

To reach multifamily commercial buildings more holistically, New Hampshire could implement a multifamily housing sector-focused strategy. As part of this strategy, NHSaves could expand and modify its portfolio to unlock additional savings in the multifamily housing market through engagement and program modifications. For program design, states across the region have started to use a whole-building weatherization approach that addresses all apartment units and common areas. Due to the split incentive this market faces, where landlords do not have an incentive to invest in energy-efficient options if tenants paying the energy bills would benefit from those upgrades, engagement and programs that support both renters and landlords are critical to ensure that they too receive benefits.

Publicly supported multifamily upgrades should document how benefits reach tenants. Assistance agreements should include appropriate affordability and anti-displacement safeguards, with an accessible process for tenants to raise concerns.

Additionally, policymakers should consider targeted program funding opportunities for religious and other non-profit organizations that do not pay taxes, rely largely on donations or grants, and may not qualify for bank loans.

Strategy: B.5. Ensuring an Energy-Efficient Future with New Buildings

The Draft Guide acknowledges the long-term value of high-performance building construction for lifetime energy and cost savings. Programs like the ENERGY STAR Homes Program that support above-code construction and high-efficiency building practices can incentivize builders to meet high efficiency standards, and potential buyers to prioritize energy efficiency through scoring mechanisms. But above-code programs are not sufficient and should be complemented with a clear path to modernizing codes.

Recommendation: Modernize energy codes and enhance code workforce capacity.

Improving energy efficiency through codes reduces overall energy use in new construction and equipment, lowers operational costs and peak grid demand, and avoids costly upgrades later. Codes protect consumers by guaranteeing a minimum level of energy efficiency and hedges against rising energy prices. Updating codes and standards provides clear regulatory signals to market actors and spurs improvements in efficient technology and building practices. Well-designed codes and standards provide significant lead time so that manufacturers and builders can prepare and adjust (for example, by changing product lines and training contractors) and consumers can become educated about new requirements and product offerings. Codes and standards provide regulatory certainty, which benefits builders and manufacturers by setting predictable expectations for how and when product performance must improve, enabling them to make timely investment decisions.

In addition, New Hampshire can bolster its code enforcement through workforce development to support the building construction trades and local building code enforcement professionals, who are responsible for ensuring compliance with state and local building codes. However, code enforcement professionals are retiring at high rates, often without replacements to offset their departures. Delays from understaffed code and building departments continue to hamper progress in new home construction, driving housing costs up. For more on how to strengthen the building and energy code enforcement workforce, please see NEEP's Code Official Workforce Roadmap.

Recommendation for Chapter 8: Electricity Generation and Use Sector

Strategy: E.1. Continued Participation in RGGI

Participation in the Regional Greenhouse Gas Initiative (RGGI) continues to provide important benefits to New Hampshire consumers. As reported in the Draft Guide, in 2024 95% of RGGI funds went to direct bill assistance in New Hampshire. 4% was directed to energy efficiency programs, and the remaining 1% was used for program

administration. While direct bill assistance offers immediate customer relief, investments in energy efficiency can provide longer-lasting reductions in energy costs by addressing the underlying causes of high energy bills.

Recommendation: Leverage funds for energy efficiency.

As future RGGI revenues are allocated, New Hampshire could evaluate opportunities to leverage funds to expand access to energy efficiency programs and reduce participation barriers for residents and businesses. In 2023, New Hampshire received $44 million from participation in RGGI, with $41.1 million or 93% used for bill assistance and $2.59 million or 7% allocated to efficiency. From the $2.59 million allocated to efficiency, the state is expected to see $10.3 million in bill savings or a nearly 4-to-1 return on investment. While direct assistance provides immediate near-term relief, it does not provide the lasting savings and bill reductions that result from installation of energy efficiency measures. Using RGGI funds for efficiency treats the root causes of high energy bills, which are inefficiencies in the building, while direct bill assistance treats only the symptoms.

Strategy: E.5. Promoting Flexible, Innovative Rate Structures

The Draft Guide identifies that well-designed utility rates and grid modernization initiatives can support affordability, reliability, and system efficiency.

Recommendation: Modernize rate design.

Rate design can provide incentives for ratepayers to change behavior and reduce overall system costs. Time-of-use rates may provide opportunities to reduce peak demand and lower system costs by encouraging customers to shift electricity consumption to periods when demand on the grid is lower. When implemented thoughtfully, such rate structures can help avoid costly infrastructure investments while providing customers with additional opportunities to manage their energy bills.

Strategy: E.6. Expanding Active Demand Response

Demand response programs represent another important tool for improving affordability and grid reliability. Both behavioral demand response and active demand response programs can help reduce system peaks, avoid costly infrastructure upgrades, and improve overall grid performance and reliability. These approaches complement traditional energy efficiency programs by encouraging customers to modify when, rather than how much, energy they consume. New England is currently behind the rest of the United States in the adoption of advanced metering infrastructure, which can enable active demand response programs.

Recommendation: Reduce peak demand with demand response and energy efficiency.

For the near-term, the state could lower demand on the grid in times of peak usage by enabling behavioral demand response (BDR) programs and active demand response (ADR) programs. BDR programs use customer engagement and messaging to reach a wide audience and shift customer energy usage, whereas ADR programs provide incentives and rebates for customers to participate in energy usage-shifting programs. Numerous examples across the Northeast demonstrate the effectiveness of these approaches. Programs like Rhode Island Energy's ConnectedSolutions program compensate residents for granting the utility control over their

thermostats, EV charging times, and home battery storage. Demand response programs give customers the power to control their usage times and reduce their bills. Finally, since energy efficiency is a least cost resource, meaning it is the cheapest method available to meet energy demand and infrastructure needs, it should remain a central component of these considerations.

Conclusion

We thank the New Hampshire Department of Environmental Services for the opportunity to provide comments. These comments are intended to support New Hampshire's efforts to reduce energy costs, improve affordability, and strengthen implementation of energy-saving policies. In addition to these comments, NEEP is available to provide technical assistance to NHDES on the Draft Climate Planning Resource Guide and other energy efficiency policies and programs. If you have questions or would like additional information, please reach out to Erin Cosgrove, ecosgrove@neep.org.

Sincerely,

Northeast Energy Efficiency Partnerships

Nichols Engineering PLLC

Clean Energy New Hampshire