



**Comments of Susy Jones, High Performance Buildings Program Manager
Northeast Energy Efficiency Partnerships (NEEP)
To the Senate Committee on Energy and Natural Resources
Regarding Senate Bill 252: An act increasing the maximum term
for energy performance contracts
January 25, 2012**

Dear Chairman Odell and members of the Committee:

On behalf of Northeast Energy Efficiency Partnerships (NEEP)¹, thank you for the opportunity to provide written comments on Senate Bill 252, an act increasing the maximum term for energy performance contracts.

NEEP's High Performance Buildings Project promotes operational energy savings in retrofit and new buildings in the Northeast region of the U.S. Our vision is that the work done today on High Performance Buildings will pave the way for the development of Net Zero Energy Buildings - buildings that consume no more energy than they produce - on a broader scale throughout the region, while providing immediate cost savings to the state, cities and towns in the form of lower energy bills and higher occupant comfort and productivity. NEEP has a long history of working closely with the New Hampshire Department of Education, the Department of Environmental Services, utility partners, the Jordan Institute, and other New Hampshire stakeholders on advancing the energy efficiency of the state's new and existing buildings.

It is in New Hampshire's best interest to **enable cost-effective methods of retrofitting existing public buildings**, such as schools, municipal buildings, and state-funded institutions. Doing so will help New Hampshire **save valuable taxpayer dollars, conserve energy, and increase the health and productivity of its residents.**

Contracting with energy service companies can **remove significant cost barriers** to modernizing critical building systems—such as lighting, HVAC, controls and building envelope—because capital costs are repaid from the savings realized after these energy savings measures are installed. **SB 252 is an important step in this direction and could make more energy savings projects viable across the state by increasing the payback period specified under law by which projects must qualify.** We also recommend that New Hampshire provide guidance and support to minimize risk to communities entering into long term contracts with energy service companies.

Increasing the contract term would increase the number of viable retrofit projects and help maximize energy savings for New Hampshire tax payers

¹ [NEEP](http://www.neep.org) 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.

Currently state law effectively stipulates that energy performance contracts entered into by the state or any of its cities or towns cannot exceed a term of 10 years. Such a limitation may eliminate many worthy projects that require additional upfront capital and have longer payback periods, but will also result in long-term energy savings to the owner/operators of those buildings, namely: the taxpayers of New Hampshire. This bill would extend the time frame under which energy performance contracts would be allowed, enabling more projects to be undertaken by the state and its municipalities.

Provide guidance to municipalities in order to minimize risk

In addition to enabling longer payback periods as part of the terms of performance contracts, NEEP also suggests that the state Bureau of General Services (or other appropriate agency) **take a strong lead on developing guidance for its municipalities to ensure that energy service contracts and their execution are beneficial to all parties and maximum energy savings are achieved.** While more and more states and communities are availing themselves of the significant benefits of energy service performance contracts, they are like any other business contract and come with certain risks that need to be addressed to protect the financial interests of the state or community.

Once again, we thank the Committee for the opportunity to provide testimony and look forward to working with you and providing any assistance we can to advance energy efficiency in New Hampshire's buildings.

Sincerely,



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