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September 4, 2009

Mr. Jeffry A. Pattison  
Office of Legislative Budget Assistant  
Room 102 State House  
Concord, New Hampshire 03301

Re: REQUEST FOR A FISCAL IMPACT STATEMENT  
Puc 2600 – Greenhouse Gas Emissions Reduction Fund

Dear Mr. Pattison:

Attached you will find the Request for a Fiscal Impact Statement for Chapter Puc 2600 rules titled, "Greenhouse Gas Emissions Reduction Fund" A copy of the Commission-approved Initial Proposal for Puc 2600 is attached for your review.

When you have completed your Fiscal Impact Statement, please notify the Commission. If you have any questions or comments, please contact me.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink that reads "Jennifer Ducharme".

Jennifer Ducharme  
Legal Assistant

Enclosures

APPENDIX II-B

OFFICE OF LEGISLATIVE BUDGET ASSISTANT  
REQUEST FOR FISCAL IMPACT STATEMENT (FIS)

FIS Number \_\_\_\_\_ Rule Number Puc 2600

<p>(2) Agency Name &amp; Address:</p> <p><b>Public Utilities Commission</b> <b>21 S. Fruit Street, Suite 10</b> <b>Concord, New Hampshire 03301</b></p>	<p>2. RSA Authority: <u>125-O:23</u></p> <p>3. Federal Authority: _____</p> <p>4. Type of Action:</p> <p>Adoption <u>X</u></p> <p>Amendment _____</p> <p>Repeal _____</p> <p>Readoption _____</p> <p>Readoption w/amendment _____</p> <p>Interim rule <u>No</u></p>
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6. Short Title: **Puc 2600 – GREENHOUSE GAS EMISSIONS REDUCTION FUND**

7. Contact Person:

Name:	<b>Suzanne Amidon, Esq.</b>	Title:	<b>Staff Attorney</b>
Address:	<b>21 South Fruit Street</b> <b>Suite 10</b> <b>Concord, NH 03301</b>	Phone #:	<b>603-271-6616</b>
		Fax #:	<b>603-271-3878</b>
			<b>suzanne.amidon@puc.nh.gov</b>
			<b>TTY/TDD Access: Relay NH</b> <b>1-800-735-2964 or dial 711 (in NH)</b>

Remember:

- (a) A copy of the proposed rule or an annotated copy of the amended rule must accompany this form. The annotated copy shall use [brackets] to indicate deleted material, and underlining for added material, or any other annotation style allowed in Section 5.4 in Chapter 4 of the Drafting and Procedure Manual for Administrative Rules.
- (b) If calculations are required in the preparation of this request, attach a worksheet showing the methodology.
- (c) This form may be replicated to expedite preparation.
- (d) A transmittal memo shall accompany a request for a fiscal impact statement, noting the number of requests being sent and short titles.
- (e) Please allow 10 working days from day of receipt for the Office of Legislative Budget Assistant to complete the fiscal impact statement. Additional information about this form is in Section 2.3 in Chapter 3 of the Drafting and Procedure Manual for Administrative Rules.

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- (f) Please provide the following information and attach additional sheets if necessary:
- (1) Summarize the rule.  
**The rule establishes the procedure whereby the Commission will administer the greenhouse gas emissions reduction fund pursuant to RSA 125-O:23.**
  - (2) Is the cost associated with this rule mandated by the rule or by state statute? If the cost is mandated by statute, then the rule itself may not have a cost or benefit associated with it. Please state either the statute or the chapter law that is instigating this rule. **The rule does not have a cost associated with it. The statutory reference is RSA 125-O:8 and 125-O:23.**
  - (3) Compare the cost of the proposed rule with the cost of the existing rule, if there is an existing rule. **There is an interim rule which expires on December 31, 2009. There are no costs associated with either the interim rule or the proposed rule.**
  - (4) Describe the costs and benefits to the state general fund which would result from this rule. **There are no costs or benefits to the state general fund resulting from the rule itself. A benefit to the general fund could manifest from the operation of the rule in the event that the greenhouse gas emissions fund were used to support state initiatives which resulted in lower energy costs to the state and the state general fund.**
  - (6) Explain and cite the federal mandate for the proposed rule, if there is such a mandate. How would the mandate affect state funds? **Not applicable**
  - (7) Describe the cost and benefits to any state special fund which would result. **Not applicable**
  - (8) Describe the costs and benefits to the political subdivisions of the state. **A benefit to a political subdivision of the state could result from the operation of the rule in the event that the greenhouse gas emissions funds were used to support a political subdivision's initiative which resulted in lower energy costs to such subdivision.**
  - (9) Describe the costs and benefits to the citizens of the state. **The citizens of the state would benefit from the operation of the rule to support the administration of the greenhouse gas emissions fund's goals of improving energy efficiency and conservation, and the associated environmental benefit of reducing greenhouse gas emissions and reducing energy costs.**
  - (10) Describe the costs and benefits to any independently owned business, including a description of the specific reporting and recordkeeping requirements upon those employing fewer than 10 employees.  
**Independently owned businesses may benefit from any initiatives supported by the greenhouse gas emissions fund which improve energy efficiency and conservation for such businesses and therefore reduce energy costs.**

CHAPTER Puc 2600 Greenhouse Gas Emissions Reduction Fund

PART Puc 2601 PURPOSE AND APPLICABILITY

Puc 2601.01 Purpose. The purpose of Puc 2600, pursuant to RSA 125-O:8, II and 125-O:23, is to provide for the administration of the greenhouse gas emissions reduction fund.

Puc 2601.02. Applicability. Puc 2600 shall apply to those persons seeking use of monies from the greenhouse gas emissions reduction fund including:

- (a) Private entities;
- (b) The department;
- (c) The commission; and
- (d) Other state and local governmental agencies and instrumentalities.

PART Puc 2602 DEFINITIONS

Puc 2602.01 “Allowances” means those Regional Greenhouse Gas Initiative (RGGI) allowances comprising the state’s annual budget for CO2 emissions specified in RSA 125-O:21, II.

Puc 2602.02 “Building energy code” means the building code defined in RSA 155-D:2, II.

Puc 2602.03 “Conservation” means a reduction in energy use and greenhouse gas emissions through reduced energy consumption or demand.

Puc 2602.04 “Commission” means the public utilities commission.

Puc 2602.05 “Cost-effective” means that the reasonably expected energy efficiency gains and other benefits of a proposed measure or program exceed the reasonably projected costs of implementing the measure or program calculated over its expected life.

Puc 2602.06 “Department” means the department of environmental services.

Puc 2602.07 “Demand response programs” means mechanisms to reduce the demand from electricity customers in response to supply conditions, peak demand, or market prices.

Puc 2602.08 “Energy audit” means the inspection, survey and analysis of energy flows in a building, process or system with the objective of understanding the energy dynamics of the system under study and assessing the opportunities for energy efficiency and conservation improvements.

Puc 2602.9 “Energy efficiency” means using less energy or energy in a different manner that results in lower net greenhouse gas emissions to provide the same level of energy service or comparable functionality.

Puc 2602.10 “Greenhouse gas emissions reduction fund” means the non-lapsing, special fund established by RSA 125-O:23.

Puc 2602.11 “Low-income residential customers” means those residents of New Hampshire who are eligible for either federal, state or utility low-income energy assistance, energy efficiency or weatherization programs.

Puc 2602.12 “New Hampshire’s peak electric load” means the annual hour of maximum electric load measured in megawatts for the New Hampshire electric grid.

Puc 2602.13 “Passive solar heating and ventilation systems” means the technologies that create heat or cooling without the use of active mechanical systems. Passive solar heating technologies convert sunlight into usable heat or store heat for future use, with little or no use of other energy sources. Passive ventilation systems use building design features that allow or promote air flows for natural ventilation and/or cooling with little or no use of other energy sources.

Puc 2602.14 “Private entity” means a for profit or not for profit legal entity that is not a governmental agency, including, but not limited to, non-municipal utilities, corporations, partnerships, individuals and other forms of business and not for profit organizations.

Puc 2602.15 “Regional greenhouse gas initiative or RGGI” means “regional greenhouse gas initiative” as defined in RSA 125-O:20, XII, namely “the program to implement a memorandum of understanding (MOU) between signatory states, dated December 20 2005 and as amended on August 8, 2006 and April 20, 2007, and the corresponding model rule to establish a regional CO2 emissions budget and allowance trading program for emissions from fossil fuel-fired electricity generating units.”

Puc 2602.16 “Revolving loan fund” means a source of money from which loans are made for energy efficiency, conservation, or demand response purposes where, as borrowers repay loans, funds become available for new loans to other borrowers.

Puc 2602.17 “Weatherization” means the practice of protecting a building and its interior from cold and hot weather including sunlight, precipitation, and wind, and of modifying a building to reduce energy consumption and optimize energy efficiency.

#### PART Puc 2603 LOW INCOME RESIDENTIAL CUSTOMERS

Puc 2603.01 Energy Efficiency for Low Income Residents.

(a) Pursuant to RSA 125-O:23, III, the commission shall allocate no less than 10 percent of the greenhouse gas emissions reduction fund, on an annual basis to assist low income residents:

- (1) To reduce total energy use, including heating fuels; and
- (2) To foster the development and retrofitting of highly efficient and affordable housing.

PART Puc 2604 ENERGY EFFICIENCY PROGRAMS

Puc 2604.01 Use of Greenhouse Gas Emissions Reduction Fund .

(a) Pursuant to RSA 125-O:23, the greenhouse gas emissions reduction fund shall be used to support energy efficiency, conservation and demand response programs to reduce greenhouse gas emissions generated within New Hampshire.

(b) The commission shall select and fund eligible programs through:

- (1) The solicitation of proposals pursuant to Puc 2604.02;
- (2) An adjudicative proceeding, pursuant to Puc Part 203, for the system benefits charge core efficiency programs approved pursuant to RSA 374-F; or
- (3) Otherwise through an adjudicative proceeding, pursuant to Puc Part 203.

(c) Eligible programs shall include, but not be limited to, the following:

- (1) Energy audits;
- (2) Weatherization of New Hampshire residential and commercial building stock;
- (3) Energy efficiency related work force training and development;
- (4) Revolving loan funds for energy efficiency related investment;
- (5) Energy efficiency related industrial process and control systems;
- (6) Integration of passive solar heating and ventilation;
- (7) Programs to increase compliance with the building energy code;
- (8) Programs to improve the electric and thermal energy efficiency of new and existing residences and commercial buildings;
- (9) Programs to foster the development and retrofitting of highly efficient and affordable housing;

(10) Education, outreach and information programs that promote energy efficiency, conservation, and demand response; and

(11) Demand response programs to reduce New Hampshire's peak electric load.

(d) Notwithstanding this part, the commission will have the authority to rebate certain monies in the greenhouse gas emissions reduction fund to electric ratepayers pursuant to Puc 2605.

Puc 2604.02 Solicitation of Proposals.

(a) The commission shall periodically issue requests for proposals (RFPs) for programs to be supported by the greenhouse gas emissions reduction fund.

(b) To be eligible for monies from the greenhouse gas emissions reduction fund, a proposal shall be designed to improve energy efficiency, conservation or demand response, and reduce greenhouse gas emissions in New Hampshire.

(c) Persons eligible to respond to any request for proposals include the following:

- (1) Private entities;
- (2) The department;
- (3) The commission; and
- (4) State and local government agencies and instrumentalities, including municipal utilities.

(d) RFPs shall include:

- (1) A description of information to be included in submitted proposals;
- (2) Requirements for funding agreements that selected recipients will be required to enter into prior to receiving funding;
- (3) Monitoring and reporting requirements; and
- (4) Proposal submission requirements.

(e) The commission shall request supplemental information or revisions from persons submitting proposals when such information or revisions will:

- (1) Clarify the terms within the proposal; or
- (2) Otherwise assist the commission in the revision and evaluation of the proposal.

(f) The commission shall recommend coordination or collaboration between applicants and shall allow revisions to proposals if such coordination, collaboration or revisions will improve:

- (1) Efficient management of the program;
- (2) Cost effectiveness of the program; or
- (3) The ability of the applicant or applicants to accomplish the purposes of RSA 125-O:23.

Puc 2604.03 Selection of Proposals.

(a) In determining whether and to what extent it will fund proposals submitted pursuant to Puc 2604.02 (a) above, the commission shall consider the extent to which each proposed program can be expected to:

- (1) Reduce greenhouse gas emissions from all fuels used to provide electricity, heating and cooling in New Hampshire;
- (2) Be cost-effective;
- (3) Reduce New Hampshire's peak electric load;
- (4) Promote:
  - a. Market transformation for energy efficient technologies, strategies and design;
  - b. Innovative technologies;
  - c. Economic development; and
  - d. Reduced energy costs;
- (5) Leverage funds or resources from other sources to maximize its impact;
- (6) Effectively measure and verify program performance against stated goals;
- (7) Promote collaboration and provide useful information for future program evaluation and improvements; and
- (8) Otherwise be consistent with the public interest and the purposes of RSA 125-O:19.

(b) The commission shall fund those proposals that it finds:

- (1) Support one or more of the purposes set forth in (a) above;
- (2) Are realistically proposed and achievable by the applicant;



(3) Are most likely, on balance, to advance the purposes of RSA 125-O, within the constraint of available funds.

(c) Following selection of a proposal, the commission shall establish a schedule of disbursement of funds that will consist of one or more of the following:

- (1) Upfront funding of the proposal;
- (2) Increments of funding based on the passage of time or specified milestones;
- (3) Reimbursement of actual expended costs; or
- (4) A loan of funds for a period of time.

(d) Pursuant to RSA 125-O:23,VIII, the commission may enter into funding agreements for the implementation of programs that are contingent, in whole or in part, on future proceeds from budget allowance auctions held within 12 months of the date such agreements become effective.

#### PART Puc 2605 RATEPAYER REBATES

##### Puc 2605.01 Allowance Sales in Excess of Threshold Prices

(a) Notwithstanding Puc 2604 above, pursuant to RSA 125-O:23, IV the commission shall order and provide for the rebate to all electric ratepayers on a uniform per kilowatt hour basis all auction proceeds that exceed threshold prices for any allowance sale made prior to January 1, 2016.

(b) For purposes of this section, “threshold prices” means the prices listed below for any allowance sale made prior to January 1, 2016 that are deposited in the fund:

- (1) 2009, \$6 per ton;
- (2) 2010, \$8 per ton;
- (3) 2011 and 2012, \$9 per ton;
- (4) 2013 and 2014, \$12 per ton; and
- (5) 2015, \$15 per ton.

Puc 2605.02. Unencumbered Funds. If the commission finds that there is a significant amount of unencumbered dollars in the greenhouse gas emissions reduction fund that are not needed for program or administrative purposes, the commission shall order and provide for the rebate of such unencumbered dollars on a uniform per kWh basis to electric ratepayers.

Puc 2605.03 Rebate to Electric Ratepayers. The commission shall order and provide for the rebate of any monies eligible for rebate under this part in a timely manner to be set forth by commission order.

## Appendix

(a) A cross reference of the specific sections of state and federal statutes which Puc 2600 is intended to implement is set forth as follows:

Puc 2601.01	RSA 125-O:8, II; RSA 125-O:23
Puc 2601.02	RSA 125-O:8, II; RSA 125-O:23, II
Puc 2602.01	RSA 125-O:8, II; RSA 125-O:23; RSA 125-O:21, II
Puc 2602.02	RSA 125-O:8, II; RSA 125-O:23; RSA 155-D:2, II
Puc 2602.03	RSA 125-O:8, II; RSA 125-O:23
Puc 2602.04	RSA 125-O:8, II; RSA 125-O:23
Puc 2602.05	RSA 125-O:8, II; RSA 125-O:23
Puc 2602.06	RSA 125-O:8, II; RSA 125-O:23; RSA 125-O:2, IV
Puc 2602.07	RSA 125-O:8, II; RSA 125-O:23
Puc 2602.08	RSA 125-O:8, II; RSA 125-O:23
Puc 2602.09	RSA 125-O:8, II; RSA 125-O:23
Puc 2602.10	RSA 125-O:8, II; RSA 125-O:23
Puc 2602.11	RSA 125-O:8, II; RSA 125-O:23
Puc 2602.12	RSA 125-O:8, II; RSA 125-O:23
Puc 2602.13	RSA 125-O:8, II; RSA 125-O:23
Puc 2602.14	RSA 125-O:8, II; RSA 125-O:23
Puc 2602.15	RSA 125-O:8, II; RSA 125-O:23; RSA 125-O:20, XII
Puc 2602.16	RSA 125-O:8, II; RSA 125-O:23
Puc 2602.17	RSA 125-O:8, II; RSA 125-O:23
Puc 2603.01	RSA 125-O:8, II; RSA 125-O:23; RSA 125-O:23, III
Puc 2604.01	RSA 125-O:8, II; RSA 125-O:23
Puc 2604.02	RSA 125-O:8, II; RSA 125-O:23
Puc 2604.03	RSA 125-O:8, II; RSA 125-O:23; RSA 125- O:23,VII
Puc 2605.01	RSA 125-O:8, II; RSA 125-O:23; RSA 125-O:23, IV
Puc 2605.02	RSA 125-O:8, II; RSA 125-O:23, V
Puc 2605.03	RSA 125-O:8, II; RSA 125-O:23; IV