September 7, 2012

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

Re: Docket DE 10-188
Revised Intervenor's Proposal to use RGGI funds in CORE Programs

Dear Ms. Howland:

Thank you for this opportunity to address a unique funding opportunity as the Public Utilities Commission (Commission) transitions from grant administrator of Regional Greenhouse Gas Initiative (RGGI) program funds to the regulatory agency overseeing New Hampshire's utilities that will be administering funds beginning in 2013. This transition period presents certain challenges to the Commission, utilities, and intervenors interested in energy efficiency.

This group of intervenors – The Jordan Institute, the New Hampshire Community Action Association, the New Hampshire Community Loan Fund, the New Hampshire Housing Finance Authority, and TRC Energy Services, hereafter "the Intervenors" – very much appreciate the Commission's willingness to pursue creative solutions to address unencumbered proceeds from past and anticipated RGGI auctions relative to the December 31, 2012 deadline for having such funds allocated to specific projects.

In response to the Commission's request for the Intervenors to refine our previous proposal for use of these funds (DE 10-188, August 10, 2012, Exhibit # 58) and for the Intervenors to research and make the case that the Commission can allocate these funds as we propose, we are pleased to present the following proposal. Approximately six million dollars are available for investment in energy efficiency work, the need for such funds is well documented, and the law provides for next steps.

Background

Funding for the CORE Electric Programs and Natural Gas Energy Efficiency Programs (CORE) traditionally has come from sources other than RGGI. Since 2009, when proceeds from RGGI auctions became available, funds have been competitively allocated to businesses, non-profit organizations, municipalities, and other entities for innovative energy efficiency work. In 2012, HB 1490 directed funds collected in 2013 and beyond to be used for energy efficiency programs administered by New Hampshire's electric and gas utilities.

The New Hampshire Public Utilities Commission should be commended for the accomplishments realized to date through RGGI. We would like to take this opportunity to acknowledge the significant effort by the PUC to administer this program with thought and responsibility. New Hampshire has seen reductions in greenhouse gas emissions, in part because of reduced demand from the slow economy, but also because of greater attention to energy usage across all sectors. Use of these funds has been more creative, responsive, and accessible to diverse beneficiaries than has been the case in other states' utilization of RGGI auction proceeds. Additionally, the level of innovation within the energy efficiency projects is much higher than CORE programs. The Intervenors encourage the Utilities to consider continuing such innovative programs when the allocation and distribution of RGGI funds become their responsibility.

With $1,642,506 of unencumbered funds currently held at the PUC, $2,000,000 in auction proceeds expected to be available this month, and another $2,000,000 in auction proceeds expected to be available in December 2012, the Commission has recognized that it is not feasible to follow the normal process of allocating and administering these funds, all by the end of 2012. Similarly, the Utilities have stated their inability to allocate all of these funds to specific projects in the required timeframe. Additionally, the Utilities have stated that they are not interested in acting as a pass-through vehicle or as a grant administrator of these funds if they are allocated to non-utility CORE programs and projects.

Revised Proposal by Intervenors The Intervenors reiterate that there is tremendous need for energy efficiency work funding for both commercial/industrial and residential constituencies. In fact, in discussions to prepare this proposal, we recognized that our waiting lists could expeditiously allocate all of these available funds, and more. Furthermore, we reiterate that this transition period provides a unique opportunity and that all of these projects leverage other funds from .25:1 up to 4:1. These projects are geographically diverse and will be administered with reduced overhead costs – no shareholder performance incentives and reduced administrative costs. Our proposed funding split between the business and residential sectors is 58% to 42%. All of the work that we propose to accomplish with these funds will be allocated not just to programs but to identified energy-efficiency projects that are on lists and are ready to break ground.

We are pleased to provide this suggested funding distribution as an alternative to rolling over all remaining RGGI funds to the Utilities.

DE - 10-188 Funding Distribution Proposed by Intervening Groups	Sector	Anticipated leverage	Expressed funding need	Suggested distribution to identified projects	Available funding
Current unencumbered funds					$1,642,506
Proceeds of 9-5-12 Auction Anticipated proceeds from					$2,063,564
September + December auctions					$2,000,000
The Jordan Institute - EE Projects	C/I	4:1	$1,500,000	$820,000	
NH CAAs - Weatherization	Res	3:1	$1,190,000	$1,190,000	
NH Community Loan Fund - WIPP	Res	.25:1	$1,400,000	$500,000	
NHHFA - Greener Homes	C/I	1.1	$2,000,000	$990,000	
TRC Energy Services - P4P	C/I	2:1	$1,000,000	$500,000	
Intervenor's sub-total			**$7,090,000**	**$4,000,000**	
Utilities - Core Programs			$3,000,000	$1,642,506	
Total			**$10,090,000**	**$5,642,506**	**$5,706,070**

Below, we expand on each of these proposed programs: the projects that would be benefit from this funding; the leverage that they bring; and other important and innovative distinctions.

The Jordan Institute – Deep Energy Retrofit Projects:
On behalf of our clients, The Jordan Institute seeks $820,000 to support three "shovel-ready" commercial-industrial deep-energy retrofit projects with grant funding (25% of the total project size) and interest-rate buy-downs through commercial lenders for the remaining needed funds. Each of these projects is consistent with RSA 374:F. Comprehensive energy audits have been completed on each of the buildings and the owners are anxious to implement the recommended energy efficiency measures before winter. The Jordan Institute expects energy-cost reductions on these facilities to be greater than 50%. These projects are geographically diverse and include a manufacturing facility, a large office facility including a restaurant in an historic building, and a community center/health club. The Jordan Institute is very experienced with overseeing deep-energy retrofit and high-performance building projects through work on the RGGI-funded Retail Merchants Association of New Hampshire program, ARRA-funded Enterprise Energy Fund and BetterBuildings program, and other privately funded projects. These three specific projects require this additional support in order to proceed.

NH Community Action Agencies - Weatherization:
The New Hampshire Community Action Association (CAA) requests $1,190,000 to weatherize up to 180 homes for the period 1/1/13-12/31/13. This funding will be utilized to match funding received from the Department of Energy (DOE) as set forth in federal regulations 10 CFR 440 dated 2/1/02 and 10 CFR 600 as amended. This funding will be used to support the current infrastructure of the CAA Weatherization Assistance Programs. Due to a national cut of DOE funding - cuts which are in addition to the end of federal stimulus funding. This has created a significant reduction in energy auditors, in-house weatherization crew members, and trained contractors. Direct funding to the CAAs results in a reduction of extra administration costs; more funds weatherize more homes. This funding will enable some Agencies to retain or add workers who otherwise would lose their jobs due to the funding cuts. The CAAs estimate that this funding will add/retain approximately thirty positions. The CAAs operate with a very high leveraging rate. Most of this is due to the numerous residential low-income programs that are directly funded to and managed by the CAAs, such as Home Energy Assistance, Fuel Assistance, Electric Assistance Program, Headstart, Women Infants and Children, Housing and Housing Rehabilitation, Lead Abatement, and more.

NH Community Loan Fund – Weatherization Innovation Pilot Program:
The New Hampshire Community Loan Fund, working in partnership with New Hampshire's Community Action Agencies (CAAs) could deploy up to $1,400,000 in new funding to weatherize up to 180 homes. With $500,000 we would weatherize 64 manufactured homes. The Public Utilities Commission awarded the Community Loan Fund $2 million in the last grant round (December 2010) to manage the weatherization of 425 homes. The original grant leveraged $600,000 from the U.S. Department of Energy (DOE) through a Weatherization Innovation Pilot Program grant. Our work has focused exclusively on manufactured homes in resident-owned communities. There are 102 resident-owned communities in New Hampshire with 5,658 manufactured homes. A substantial percentage of the owners of these homes qualify for federal weatherization funds and the Low Income Home Energy Assistance Program. The DOE invested in this pilot because of its potential to reduce the unit cost of weatherizing homes by maximizing the efficiency of weatherization crews through "close proximity production." Oak Ridge National Laboratory is evaluating the impact of the innovation. The CAAs estimate that its work is reducing energy consumption in the average manufactured home by 170 gallons of kerosene (at $4.35 per gallon) and 3,200 kWh per year.

New Hampshire Housing Finance Authority – Greener Homes:
The Greener Homes Program was created by the New Hampshire Housing Finance Authority (NHHFA) in 2009 to test the cost effectiveness of energy retrofits in aging publicly subsidized low-income multifamily housing in our state, as well as the cost effectiveness of energy innovations in similar new construction. This work demonstrated that these efforts are cost effective from an operational standpoint and improved the lives of the tenants in these buildings, including children and senior citizens. In 2012, NHHFA budgeted over $3.1 million toward Greener Homes, and the award of $2 million in RGGI funds in 2011 allowed NHHFA to retrofit 950 units of affordable housing in 26 projects. As a result of the retrofits, these projects will realize a total of over $500,000 in energy savings annually. The RGGI funding through Greener Homes helped to contain

operating costs in cash-strapped developments, thereby eliminating the need to increase tenant rent. The resulting energy cost savings precluded a number of mortgage defaults and foreclosures caused by dramatically escalating fuel expenditures. For 2013, NHHFA budgeted $1 million toward Greener Homes retrofits, and $300,000 to energy innovations in new construction. The combination of RGGI and NHHFA funding in Greener Homes produced almost 60 full-time equivalent jobs; additional funding will increase that number. In total, 1,277 units in 41 projects have been audited under Greener Homes – meaning that there are many projects in the pipeline. Greener Homes could readily allocate and expend an additional $2 million in RGGI funds between now and June 30, 2013 by retrofitting already audited and "shovel-ready" projects.

TRC Energy Services - Pay for Performance:
TRC Energy Services respectfully requests $500,000 of the 2012 Regional Greenhouse Gas Initiative (RGGI) auction proceeds to continue funding the Pay for Performance Program (P4P). This program was launched in March 2011 and targets large energy users with electric demand of at least 100 kW or an annual thermal load of at least 1,000 MMBTU. Examples include large office buildings, hotels, manufacturing facilities, health care facilities, schools, and others. To date, the New Hampshire program has developed a network of nearly thirty program partner firms that work with businesses and municipalities on whole-building, comprehensive work scopes. We request RGGI funds to continue this momentum and allow these firms to further develop and expand projects. P4P currently works with twenty-six businesses on more than thirty comprehensive energy efficiency projects, affecting more than four million square feet of building space. These businesses stand to save more than 5 million kWh of electricity and 30,000 MMBTU of fossil fuel by installing comprehensive, whole-building work scopes that go beyond traditional equipment and lighting replacement. Based on the current P4P pipeline, we anticipate that $500,000 of additional funding would result in seven new projects and the following energy efficiency and economic gains for New Hampshire: average project incentives $65,000; average participant costs $120,700; minimum project internal rate of return 10%; total construction value $817,000, annual kWh savings 1,276,000; annual kW savings 400; annual MMBtu savings 7,700.

Making the Case
At the Commission's request, the Intervenors provide the following two routes to support and justify allocating funds to non-utility CORE energy-efficiency projects, either or both of which may be used.

The Commission May Award GHGERF Grants to Existing Non-Utility Programs Through the Current CORE Docket, DE 10-188

The Secretarial letter of August 16, 2012 (DE 10-188, Exhibit 59) stated that the proceeding subject to the Commission's Supplemental Order of Notice of July 13, 2012 would be conducted under Puc 2604.01(b)(2), but also clarified that this "does not mean that proposals must include only existing core program offerings." The Intervenors have proposed that the Commission may utilize currently available funds and those that will derive from the September 2012 and December 2012 auctions to directly fund existing programs that have already been approved by the Commission as appropriate recipients of Greenhouse Gas Emission Reduction Fund (GHGERF) grants.

The Commission has broad discretion under RSA 374-F:4,VIII(a) to establish or fund programs that are responsive to market demands and that promote energy conservation and efficiency; the Commission is also encouraged by that statute to reduce administrative burdens. See, e.g., RSA 374-F:3, X and XIV. The Commission's discretion in this matter is not limited to programs that are established and administered by the electric utilities. The programs operated by these Intervenors are responsive to market demand, as demonstrated by the number of projects that are assembled and on hold, pending further funding; and they strongly promote energy efficiency. As such, they are consistent with the principles of RSA 374-F.

This proposal provides an opportunity for the Commission to continue funding programs that have already met with its approval and that have a demonstrated record of success. Furthermore, the residential low-income programs included in the proposal are designed to meet an important public interest – providing assistance that will reduce energy-cost burdens to the neediest homeowners and renters among New Hampshire's citizens.

While these programs were previously granted GHGERF funds as contracts subject to approval by the Executive Council, the disposition of this matter under Puc 2604.01(b)(2) means that such funding would be treated as other CORE programs and would not require Executive Council approval. This is an appropriate response to the transitional nature of this funding, as the current RSA 125-O:23 will be superseded on January 1, 2013 and limited time exists to commit the funds that are currently in the GHGERF or will be deposited into it before the end of 2012.

In the Alternative, the Commission May Waive Its Rules and Award GHGERF Grants to Existing Grantees and Other Appropriate Programs

If the Commission finds that it is inappropriate to award some or all of the grants to the programs listed in this proposal under Puc 2604.01(b)(2), the Intervenors request that the Commission waive rule Puc 2604.01(b), as authorized by Puc 201.05. In support of this request, the Intervenors point out that the other two means by which funds may be allocated pursuant to Puc 2604.01(b) (The other two alternatives are (1) solicitation of proposals and (3) an adjudicative proceeding other than a CORE docket) could not be accomplished in the time that remains before the Greenhouse Gas Emission Reduction Fund (GHGERF) is eliminated. The programs included in this proposal serve the public interest by meeting an immediate market demand for targeted energy-efficiency measures, some of which will provide benefits to low-income homeowners and renters. Application of the rule would present an onerous burden that would most likely result in the inability of these programs to receive any further GGERF funds. Direct funding of these existing projects and programs would satisfy the purpose of the rule. Furthermore, there will be no disruption to any matter before the Commission.

Conclusion

The schedule outlined by the Commission asked for this revised proposal by September 7, 2012, with comments from others due to the Commission by September 14, 2012. We understand that the Commission will rule on this proposal thereafter, and that there will not be further hearings on this component of DE 10-188.

In closing, we again wish to thank the Commission for this opportunity to revise our proposal for the alternate use of these funds on behalf of the business owners and residents we represent. We feel that our proposal addresses a best use of these funds and fills a significant need. We look forward to the Commission's decision in this matter.

Sincerely,

Dick Henry
Executive Director
The Jordan Institute

Richard A. Minard, Jr.
Vice President for Policy and Programs
New Hampshire Community Loan Fund

Dana Nute
Director, Housing Rehabilitation & Energy Conservation
Belknap-Merrimack Community Action Agency, for the New Hampshire Community Action Association

Benjamin D. Frost, Esq., AICP
Director, Public Affairs
New Hampshire Housing Finance Authority

Tom Rooney
Technical Director
TRC Energy Services