



The State of New Hampshire
Department of Environmental Services



Robert R. Scott, Commissioner

December 4, 2020

Debra A. Howland, Executive Director
State of New Hampshire
Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-2429

RE: DE 20-092, 2021-2023 Triennial Energy Efficiency Plan

Dear Director Howland:

The NH Department of Environmental Services (NHDES) submits the following letter in support of the energy savings targets proposed in Settlement Agreement filed in the above mentioned docket concerning the NH Utilities' 2021-2023 Triennial Energy Efficiency Plan ("Plan") for implementing the Energy Efficiency Resource Standard (EERS) established by the Commission through Order No. 25,932 in 2016 via docket DE 15-137.

NHDES supports the efficiency targets and programs proposed in the Settlement Agreement submitted on behalf of the NH Utilities and settling parties. NHDES defers to the PUC on any matters related to revisions to the SBC. The use of electricity and natural gas in our built environment, whether for heat, lighting, production or other purpose, results in adverse environmental impacts. Using less energy to achieve the same outcome reduces harmful emissions that contribute to water pollution, local air pollution and global climate change. Implementation of the suite of cost-effective energy efficiency measures described in this Plan will, over the term of the three-year plan, reduce electric usage by 4.5 percent of 2019 sales and natural gas usage by 2.8 percent of 2019 sales. Such savings will result in immediate and long-term public health and environmental quality benefits.

Increasingly, the solutions to energy system reliability, energy system costs, and environmental impacts intersect. For that reason, NHDES has participated in energy efficiency program dockets since 2012, and has been intervening in relevant PUC dockets over the past five years. NHDES' mission is to help sustain a high quality of life for all citizens by protecting and restoring the environment and public health¹ and NHDES is charged with overseeing

¹ NHDES Mission and Guiding Principles, <https://www.des.nh.gov/organization/commissioner/strategic-plan/documents/des-mission-guiding-princ.pdf>. (Last accessed December 1, 2020).

environmental quality related to air, waste, water, and climate change issues.^{2,3,4} Energy efficiency and demand management programs are vital strategies to achieve those goals.

Reducing total energy consumption lowers emissions of smog-forming compounds and particle pollution that cause direct health impacts, mercury emissions that poison our lakes and streams, and greenhouse gas emissions that contribute to climate change. In that respect, energy policy is environmental policy and vice versa. As energy efficiency and other clean energy solutions evolve and come down in price, they present a significant opportunity to reduce costs while providing for a cleaner environment, leading to improved public health outcomes. Because the efficiency programs proposed by the Plan are designed to be cost-effective, those environmental gains come with economic savings as well.

As new sectors historically powered primarily by fossil fuels, such as transportation and home heating, become electrified it is increasingly important to both improve the efficiency with which we use electricity and to develop cleaner sources of electricity in order to realize improved public health and environmental outcomes. This Plan is specifically designed to improve the efficiency of our electric and natural gas use. As demonstrated by the Plan, achievement of the targets will deliver significant cost-effective energy reductions, which will provide real energy cost savings to New Hampshire ratepayers, as well as significant environmental benefits.

The Independent System Operator-New England's (ISO-NE) Final 2020 Energy Efficiency Forecast, published before the current Plan goals were proposed, projected that the NH Utilities programs would continue to see beneficial reductions in energy consumption and demand. However, in comparison to the other New England states, New Hampshire would lag behind in terms of avoided winter and summer peak savings.⁵ New Hampshire's peak energy usage relative to the other New England states can influence transmission cost allocation among the states, leaving New Hampshire with a higher proportional cost. Based on 2019 data collected from New England states, ISO-NE projects that New Hampshire will not only trail other states for overall energy efficiency, but also for behind-the-meter distributed-energy deployment (e.g., solar photovoltaic (PV) systems), and demand management. The projected net effect would be that New Hampshire can expect to see its share of regional transmission load during the summer peak grow from 9.5 percent in 2020 to 10.8 percent in 2029. Most other states in region are expected to see their share of summer peak load decline over that time.⁶ As each state's share of peak electricity demand determines its share of the transmission cost,⁷ this growth in New Hampshire's share of regional demand will be very costly to New Hampshire ratepayers.

The Plan's proposed electricity savings goals also provide a mechanism to reduce the projected increase in demand in the region, reducing the need to build additional transmission infrastructure. In 2019, ISO-NE estimated that the region would see an addition \$1.4 billion in

² NH RSA 125-C: Air Pollution Control, <http://www.gencourt.state.nh.us/rsa/html/X/125-C/125-C-mrg.htm>, (Last accessed December 1, 2020).

³ NH RSA 125-J: Emissions Reduction Trading Programs, <http://www.gencourt.state.nh.us/rsa/html/X/125-J/125-J-mrg.htm>, (Last accessed December 1, 2020).

⁴ NH RSA 125-O: Multiple Pollutant Reduction Program, <http://www.gencourt.state.nh.us/rsa/html/X/125-O/125-O-mrg.htm>, (Last accessed December 1, 2020).

⁵ ISO-NE (2020). Final 2020 Energy Efficiency Forecast, Tables: Annual Energy, Summer Peak, and Winter Peak Savings, pg. 24, https://www.iso-ne.com/static-assets/documents/2020/04/eef2020_final_fcst.pdf, (Last accessed December 1, 2020).

⁶ ISO-NE (2020). 2020-2029 Forecast Report of Capacity, Energy, Loads and Transmission, Tab 6.2, https://www.iso-ne.com/static-assets/documents/2020/04/2020_celt_report.xlsx, (Last accessed December 1, 2020).

⁷ This cost share only applies to those transmission projects that have been determined by ISO-NE to improve reliability and provide a benefit for all of New England, and their costs are shared by the region. A region's share of the costs is proportionate to its electricity demand/load.

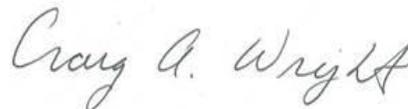
transmission investments through 2022.⁸ As other states reduce their peak transmission load, New Hampshire's share of these costs will rise unless the state achieves equivalent demand reductions.

Pursuing and achieving these reductions in consumption and load are consistent with a recommendation made by the committee established by SB 125 (2017) to study the state's electricity system costs and ways to mitigate those costs, which is:

*"2. Reduce transmission costs and other costs allocated to NH by increasing spending on rigorously validated, cost-effective distributed generation, distributed resources, and energy efficiency programs that lower coincident peak demands."*⁹

If you have any questions, please do not hesitate to contact Rebecca Ohler, NHDES Technical Services Bureau Administrator (rebecca.ohler@des.nh.gov, (603) 271-6749), or Christopher Skoglund, NHDES Climate and Energy Program Manager (christopher.skoglund@des.nh.gov, (603) 271-7624) of the Air Resources Division.

Sincerely,



Craig A. Wright
Director
Air Resources Division

cc: DE 20-092 Service List (via email)

⁸ ISO-NE (2019). Regional transmission investment: Spring 2019 update, ISO NEWIRE, <http://isonewswire.com/updates/2019/4/2/regional-transmission-investment-spring-2019-update.html>, (last accessed December 1, 2020).

⁹ Final Report of the Committee to Study Transmission, Distribution, Generation, and Other Costs in the State's Electricity System (SB 125, Chapter 83:1, Laws of 2017), November 1, 2017, pg. 6, <http://www.gencourt.state.nh.us/statstudcomm/reports/1337.pdf>, (Last accessed December 1, 2020).