

STATE OF NEW HAMPSHIRE



**Energy Efficiency and Sustainable Energy Board
RSA 125-O:5-a**

Fourth Annual Report

Prepared for:
Governor John H. Lynch
Senate President Peter Bragdon
Speaker of the House William O'Brien
Senator Robert Odell, Chair, Energy and Natural Resources Committee
Representative James Garrity, Chair, House Science, Technology and Energy Committee
Public Utilities Commission

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I. Introduction

This fourth Annual Report is designed to provide an update on the activities of the Energy Efficiency and Sustainable Energy Board over the past year, and to communicate its areas of focus and recommendations for the coming year.

II. Background

The Energy Efficiency and Sustainable Energy Board (“EESE Board”) was created in 2008, by RSA 125-O:5-a. The Board’s central charge is “to promote and coordinate energy efficiency, demand response, and sustainable energy programs in the state.” A key purpose for establishing the EESE Board was an increasing awareness that energy efficiency is the cleanest and least expensive energy resource, and that New Hampshire must do more to take advantage of efficiency and sustainable energy resources as a means to bolster the economy, spur jobs and small business innovation, improve energy security, reduce customer costs, and protect our environment. To this end, the EESE Board was directed to develop a plan for energy efficiency and sustainable energy that builds on existing successful programs, increases awareness of energy efficiency and sustainable energy, and improves coordination of these programs.

The Chair of the Public Utilities Commission (PUC) convened the first organizational meeting of the EESE Board on October 1, 2008, and the Board has met nine to twelve times a year since that time. The Board is administratively attached to the PUC, which provides administrative support.¹ The PUC hosts a comprehensive webpage for the EESE Board and other interested parties where all meeting materials and background information can be found: www.puc.nh.gov/EESE.htm.

¹ Administrative Support and Contact for the EESE Board is Diane Bateman: (603) 271-6031, Diane.Bateman@puc.nh.gov.

III. Statutory Duties

The EESE Board's duties are broad. They include, but are not limited to:

- Reviewing available energy efficiency, conservation, demand response, and sustainable energy programs and incentives and compiling a report of those resources in New Hampshire;
- Developing a plan to achieve the state's energy efficiency potential for all fuels, including setting goals and targets for energy efficiency that are meaningful and achievable;
- Developing a plan for economic and environmental sustainability of the state's energy system including the development of high efficiency clean energy resources that are either renewable or have low net greenhouse gas emissions;
- Providing recommendations at least annually to the public utilities commission on the administration and allocation of energy efficiency and renewable energy funds under the commission's jurisdiction;
- Exploring opportunities to coordinate programs targeted at saving more than one fuel resource, including conversion to renewable resources and coordination between natural gas and other programs which seek to reduce the overall use of nonrenewable fuels;
- Developing tools to enhance outreach and education programs to increase knowledge about energy efficiency and sustainable energy among New Hampshire residents and businesses;
- Expanding upon the state government's efficiency programs to ensure that the state is providing leadership on energy efficiency and sustainable energy including reduction of its energy use and fuel costs;
- Encouraging municipalities and counties to increase investments in energy efficiency and sustainable energy through financing tools, and to create local energy committees;
- Working with community action agencies and the office of energy and planning to explore ways to ensure that all customers participating in programs for low-income customers and the Low Income Home Energy Assistance Program (LIHEAP) have access to energy efficiency improvements, and where appropriate, renewable energy resources, in order to reduce their energy bills; and
- Investigating potential sources of funding for energy efficiency and sustainable energy development and delivery mechanisms for such programs, coordinating efforts between funding sources to reduce duplication and enhance collaboration, and reviewing investment strategies to increase access to energy efficiency and renewable energy resources.

IV. Members and Public Participation

The members of the EESE Board, designated by RSA 125-O:5-a, II, include representatives of business and non-profit organizations and associations, legislators, state agency heads, consumer representatives, as well as several non-voting members representing electric and natural gas utilities, banking, and businesses in relevant energy efficiency and sustainable energy industries. The members represent a wide range of interests that help inform the Board's work. Current members as of November 2011 are:

Voting:

Chair: Richard Ober, New Hampshire Charitable Foundation

Vice Chair: Eric Steltzer, Office of Energy and Planning

Senator Jeb Bradley, Senate President Appointee

Patti Carrier, NH Ball Bearings, NH Business and Industry Association

Dean Christon, NH Housing Finance Authority

Daniel Feltes, NH Legal Assistance

Elizabeth Fischer, Homebuilders and Remodelers Association of NH

Timothy Fortier, NH Municipal Association

Representative James Garrity, House Speaker Appointee

Wes Golomb, NH Sustainable Energy Association

Meredith Hatfield, Consumer Advocate, Office of Consumer Advocate

Dick Henry, Jordan Institute

Rep. Naida Kaen, House Speaker Appointee

Karen Rantamaki, State Energy Manager, Department of Administrative Services

Bob Reals, Jr., Department of Resources and Economic Development

Jack Ruderman, Public Utilities Commission Sustainable Energy Division

Robert Scott, Director, Air Resources Division, Dept of Environmental Services

Ken Walsh, State Fire Marshal's Office, Department of Safety

Non-Voting:

Janet Ackerman, People's United Bank

George Ganz, Unitil/Northern Utilities

Gil Gelineau, Public Service Company of NH

Deborah Hale, National Grid

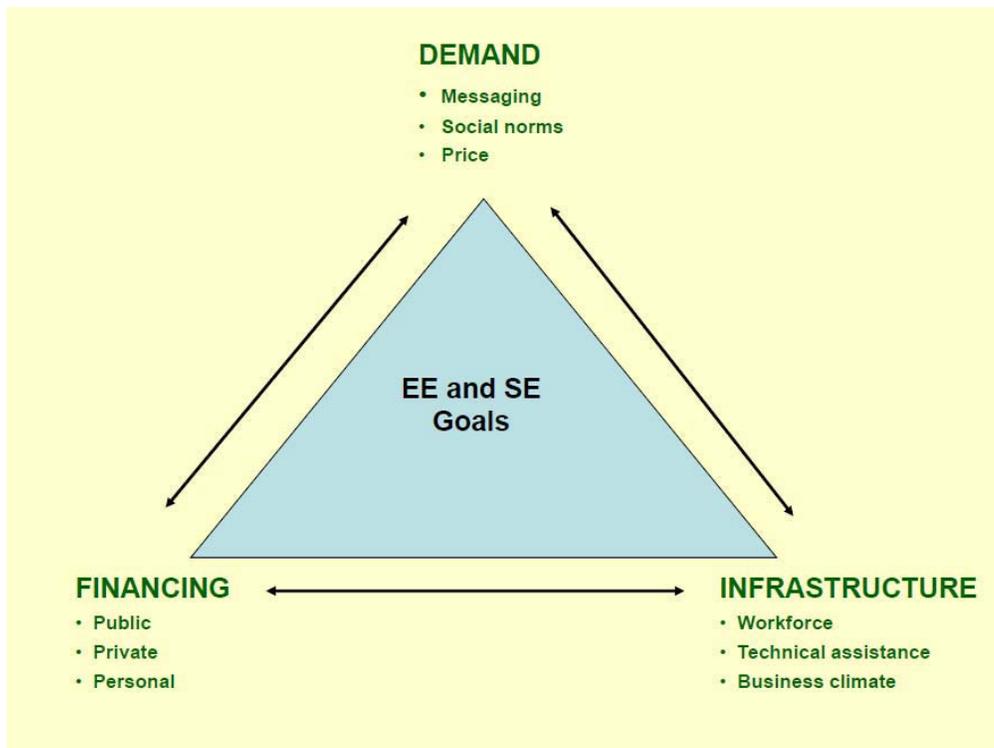
James Grady, LighTec

Charles Niebling, New England Wood Pellet

Carol Woods, NH Electric Cooperative

The Board has since its inception appreciated and encouraged attendance and participation of the public at its meetings. Dozens of business, municipal and nonprofit leaders and others regularly attend the EESE Board's monthly meetings; many bring significant relevant energy experience to the Board's discussions. In all, 146 people are on the Board's email distribution list, not including Board members. The Board encourages broad public participation, understanding that its statutory mandate cannot be achieved through the Board's work alone, but rather that community leaders, energy efficiency and sustainable energy professionals, energy consumers, businesses, educators and other members of the public are all crucial to achieving our energy goals.

The EESE Board has identified three inter-related forces that will drive success in reaching the state's energy efficiency and sustainable energy goals:



V. Description of 2011 Activities

The EESE Board will have met nine times in 2011: in January, February, April, May, June, July, September, and November, with a December meeting scheduled. Meeting agendas, minutes, presentations, and other materials from all of the EESE Board's 2011 meetings can be found on the PUC's EESE Board webpage: www.puc.nh.gov/EESE.htm.

In addition, working groups met frequently throughout the year. The Board has utilized a working group structure to meet its broad statutory goals, enabling significant work between Board meetings, as well as opportunities for participation from both EESE Board members and non-members. The most active working groups in 2011 focused on:

- Comprehensive Energy Study (SB323 Study)
- Outreach and Public Education
- Municipal Energy
- Legislative Monitoring

One of the most significant areas of focus for the EESE Board in 2011 was working closely with the PUC to oversee the development of a comprehensive, independent energy study required by SB323. This study advanced the EESE Board's task of developing recommendations for energy efficiency and sustainable energy in the state that build on existing NH programs, increase awareness of energy efficiency and sustainable energy, and improve program coordination. VEIC met with the EESE Board at its meetings in January, February, April, May, June, July, September, seeking feedback, sharing initial findings, fielding questions, and so on. This 300+ page *Independent Study of Energy Policy Issues* was ultimately finalized and released on September 30, 2011. Both the [complete study](#), as well as a summary of [key findings and recommendations](#), can be found on the EESE Board's web page. The efforts and

accomplishments of the full Board and its working groups during 2011 are further described in more detail below.

A. Comprehensive Energy Study

NH Chapter 335 of the Laws of 2010 (“SB323”), required the Public Utilities Commission (PUC) to contract for an independent study, by means of a broad collaborative process, regarding legislative, regulatory, and market-based policy options to address a comprehensive range of energy policy issues that are central to the EESE Board’s charge, and further required that the EESE Board collaborate with the PUC in choosing an independent consultant and managing the development of the study.

The EESE Board designated a ten-member working group or “Study Coordination Team” (SCT) to assist in the selection of an independent consultant and coordination of the energy study work to be performed. The SCT included business, utility, residential consumer, and PUC representatives. Vermont Energy Investment Corporation, in cooperation with Jeffrey Taylor & Associates, and Optimal Energy, Inc. was chosen after unanimous recommendation by the SCT to perform the study. After assisting the PUC with the RFP process and consultant selection in 2010, the SCT met often through the fall of 2011, to oversee conduct of the energy study, provide guidance as needed to the consultant team, ensure significant EESE Board and public participation in the process, collect and collate substantial stakeholder feedback submitted in response to a draft report, and otherwise shepherd the study through to completion. *Independent Study of Energy Policy Issues - Final Report (September 30, 2011)* was approved by the PUC, and, pursuant to SB 323, submitted to the General Court ahead of its statutory due date of November 1, 2011. The key recommendations in the study were presented to a joint meeting of the House Science, Technology and Energy Committee and the Senate Energy and Natural

Resources Committee on November 3, 2011. As noted, the full study and the key recommendations document are both available on the EESE Board's web page.

The detailed recommendations from the *Independent Study* generally fall into seven major recommended policy action steps for transforming energy markets in New Hampshire and optimizing economic and environmental benefits from energy efficiency and sustainable energy:

- Refocus and clarify the state's energy policy direction;
- Develop clearer regulatory guidance;
- Improve the regulatory process and modify performance incentives;
- Increase program coordination and further streamline administration;
- Coordinate & scale finance programs to attract and leverage private investment;
- Create a home for energy efficiency and sustainable energy program implementation and oversight within state government; and
- State and local government continue to lead by example.

SB323 also calls for the EESE Board to “provide its recommendations upon review of the comprehensive study to the senate president, the speaker of the house of representatives, and the chairs of the senate energy, environment and economic development committee and the house science, technology and energy committee as soon as practicable.” (SB323) A new working group has been formed to guide the EESE Board through this process of study review and identification of potential recommendations. Given the level of detail and comprehensiveness offered by the report, this assessment will very likely take the EESE Board well into its work in 2012.

B. Outreach and Public Education

The Outreach and Public Education Working Group of the EESE Board has continued its efforts to develop a communications plan to coordinate efforts and investments, raise awareness, and increase demand for energy efficiency and sustainable energy resources. Over the past year, the Outreach and Education working group met roughly monthly to discuss how to advance coordinated public awareness efforts by participating public entities as well as both for-profit and nonprofit actors in the energy efficiency and sustainability field in New Hampshire. The O&E working group helped to develop a request for proposals issued by the Office of Energy and Planning, and then guided the development of a strategic communications plan created by Burgess Advertising and Marketing. [This report](#), as well as reinforcing marketing, training, and outreach recommendations contained in the referenced *Independent Study* developed by the Vermont Energy Investment Corporation, will guide the working group over the coming year as plans and projects are carried out.

C. Municipal Energy Working Group

The purpose of the Municipal Energy Working Group (MEWG) is to facilitate an increased investment in energy efficiency and sustainable energy by municipalities and counties through identification, development and promotion of sound practices, financing tools, and technical resources, including the engagement of local energy committees. Such efforts help to foster local economic development through creation of energy jobs and reinvestment of avoided energy costs, as well as insulating municipal energy budgets from energy price volatility.

This working group met six times in 2011, often in coordination with the Local Energy Committee Working Group (LEC WG). The MEWG's active membership included representatives from public, private and non-profit groups and organizations.

The MEWG continued to develop recommendations for a standardized approach to municipal energy audits, which lead to the development of the Field Guide to New Hampshire Municipal Buildings & Energy Audit Guidelines (“Guidelines”). The Guidelines were completed in the fall of 2011, and are designed to help municipal officials and local energy committees better understand energy use in buildings as well as navigate the process of soliciting and contracting for comprehensive energy assessments of municipal buildings – whether an 18th century farmhouse or a 21st century office complex. Further, the Guidelines offer audit standards to help municipalities plan for achieving greater energy reductions and higher performing buildings over time.

In addition, the MEWG provided a forum to allow for coordination among the ongoing and emerging municipal technical assistance programs, such as the Municipal Energy Assistance Program (MEAP), the Energy Technical Assistance and Planning (ETAP), and the TRC Local Audit Exchange Program devoted to delivering cost effective municipal energy audits.

During the latter half of 2011, the MEWG and the LEC WG, which share a number of members, devoted time to seeking to better coordinate their efforts, to increase effectiveness and avoid unnecessary or duplicative meetings.

D. Legislative Monitoring

In order to keep the EESE Board apprised of legislative developments in an orderly way, mindful of the diversity of stakeholder perspectives represented by EESE Board members, the EESE Board formed a Legislative Monitoring Group to provide a mechanism for bill tracking, information sharing, and, if deemed appropriate, recommendation as to pending legislative efforts that might be the subject of concerted effort by the full EESE Board, and/or its individual

members. This working group met weekly by phone during the legislative session, starting in January 2011, and briefed the EESE Board at every meeting, ceasing to meet once relevant pending energy legislation had reached resolution. Chairman Ober testified on HB 519, which would have repealed NH's participation in the Regional Greenhouse Gas Initiative (RGGI), with specific focus on the value of the EESE Board, which the initial version of the bill would have repealed, and also noting that the forthcoming independent energy study might inform significant policy decisions with regard to RGGI and other EE and SE programs. No other recommendations for collective legislative or policy action by the EESE Board were made by the working group.

As it has since its start, the EESE Board also continued to serve as a clearinghouse for information about energy efficiency and renewable energy programs, including those funded by the American Recovery and Reinvestment Act (ARRA) and primarily administered by the Office of Energy and Planning (OEP), as well as the Greenhouse Gas Emissions Reduction Fund (RGGI) and the Renewable Energy Fund, both administered by the PUC. EESE Board meetings included updates and discussion about programs and projects supported by these funds.

Presentations from RGGI grantees included:

- [one by LighTec](#) regarding energy efficiency improvements in educational, municipal and commercial buildings, which LighTec reports having leveraged \$1.73 million in investments, with end users saving \$344,000 cumulatively in annual energy costs;
- [one by Lakes Region Community College](#), which successfully aimed to increase the number of trained auditors in the NH workforce, resulting in training 222 students from 80 NH towns – many of whom started new businesses, increased their job skills, attracted new customers, or became employed in the energy field as a result;

- [one by Southern NH RC & D](#) regarding the NH Farm Energy Initiative, which conducted 25 farm energy audits and helped to identify ways to save significant money and improve energy use and equipment across a host of areas, such as apple cold storage, livestock watering, maple operations, heating and irrigation, etc.
- [one by the Plymouth Area Renewable Energy Initiative](#), which expanded its efforts to help homeowners, schools and nonprofits to apply an innovative, neighbor-helping-neighbor approach to solar installations and weatherizing buildings to reduce costs and increase energy independence.

VI. Recommendations

The EESE Board is charged with making recommendations at least annually to the Public Utilities Commission on the administration and allocation of energy efficiency and renewable energy funds under the commission’s jurisdiction, and recommendations to legislators and the Governor for action including possible legislation. Though additional recommendations may, as noted, be forthcoming upon review of the recently completed comprehensive energy study, the Board in the meantime recommends the following, consistent with its reports from prior years:

- A. *Relative to the EESE Board’s charge to “provide recommendations at least annually to the public utilities commission on the administration of energy efficiency and renewable energy funds under the commission’s jurisdiction.” RSA 125-O:5-a, I (d):*

In the past, the EESE Board has recommended that the Public Utilities Commission consider six principles when making allocations from the Greenhouse Gas Emissions Reduction Fund. These principles remain relevant, and future allocations as well as existing programs should be reviewed and presented for EESE Board consultation in assessing program impact against these principles:

1. Funds should be allocated such that they encourage and complement private sources, not discourage them.
2. A significant portion of the funds should be used to advance the program priorities identified by the EESE Board, including clean energy job training and workforce development, coordinated municipal energy assistance, outreach and public education, enhanced delivery systems for energy Efficiency and sustainable energy, and support for “Beacon” Communities.
3. Funds should be used to fill gaps in other funding sources to bring highly qualified projects and programs to fruition and to leverage deeper greenhouse gas reductions. The application process should guide applicants to these other sources.
4. Requests for proposals and other guidelines should not be so prescriptive as to exclude innovation and flexibility among applicants.
5. Some portion of funds should be used for clearly defined and effective revolving loans and other programs that will “recycle” investments in the economy.
6. Funds should be directed both to comprehensive programs and discrete projects.
 - a. Programs should be foundational and strategic in nature, but also must put funds to work in the economy, and have measurable results in greenhouse gas reduction.
 - b. Projects should be concrete and specific but must have a clear public purpose and show that public funds are essential to success.

B. *Relative to the EESE Board’s charge to “develop a plan to achieve the state’s energy efficiency potential for all fuels,” and to “develop a plan for economic and environmental sustainability.” RSA 125-O:-5a, I (b) & (c):*

As described above, the EESE Board has played a key role in the SB323 energy study process: participating via working group in consultation with the PUC to manage development of the study, providing a forum for the investigation of issues, and ensuring coordination of public input to inform the study. At this time, the EESE Board recommends

that lawmakers and other policymakers as well as program implementers take time to review and assess this energy study, as a unique resource that can inform and guide the development of future NH energy policies, programs and practices. The EESE Board will also undertake its own review, with an eye toward making recommendations to the legislature and other policy makers upon review of the completed study. As noted, a working group has been formed to facilitate this process, and it is anticipated that time at EESE Board meetings in 2012 will be devoted to this assessment to maximize the value of the completed report and its many independent recommendations.

C. *Relative to the EESE Board's charge to "encourage municipalities and counties to increase investments in energy efficiency and sustainable energy" RSA 125-O:5-a, I (h):*

The EESE Board's Municipal Energy Working Group should meet its charge by closely monitoring and/or collaborating with the Local Energy Working Group to support communities in achieving energy cost savings and strategic energy investments. Such activities in 2012 may include:

- Further efforts to highlight innovative and best practices, and to showcase successful municipal projects.
- Ongoing development, in coordination with existing efforts, of tools, resources and information to serve municipalities in EE/SE procurement that better enables communities to track energy consumption over time and by activity, identify funding and financing options, and so on.
- Encouraging the continued development of effective local energy committees.
- Identifying policies and programs that support municipal energy goals and activities.

D. *Relative to the EESE Board's charge to "develop tools to enhance outreach and education programs to increase knowledge about energy efficiency and sustainable energy among New Hampshire residents and businesses" RSA 125-O:5-a, I (f):*

The Outreach and Public Education work group of the EESE Board has, as noted, done substantial work to continue the process of developing a broad and inclusive communications plan to raise awareness and increase demand for EE and SE. The EESE Board should continue to support this work, as it is foundational to achieving the EESE Board's broad statutory charge.

VII. Next Steps

Plans for 2012 will be further refined, but will certainly focus considerable attention on assessing and developing recommendations upon review of the comprehensive energy study.

The Board will continue to utilize the working group structure to assist it with its work.

VIII. Conclusion

The EESE Board has endeavored to be a clearinghouse and to facilitate the development of a comprehensive approach to energy cost savings, clean energy jobs, and a stronger and more secure energy future for New Hampshire. The development of a comprehensive, independent energy study is a major achievement for the EESE Board and for the State of New Hampshire. The Board appreciates enormously the engagement of so many parties in contributing to dialogue, inquiry and analysis that informed this independent energy study, and looks forward to further exploration of its recommendation as an important resource to inform its work in 2012.

Respectfully Submitted,



Richard Ober, Chairman