

STATE OF NEW HAMPSHIRE



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

**Second Annual Report**

Prepared for:  
Governor John H. Lynch  
Senate President Sylvia Larsen  
Speaker of the House Terie Norelli  
Senator Martha Fuller Clark, Chair, Senate Energy,  
Environment and Economic Development Committee  
Representative Naida Kaen, Chair, House Science,  
Technology and Energy Committee  
Public Utilities Commission

**December 1, 2009**

## I. Background and Organization

The Energy Efficiency and Sustainable Energy Board (“EESE Board”) was created by HB 1561 in 2008, codified as RSA 125-O:5-a. The creation of the Board was driven in large part by the passage of HB 1434, which allows New Hampshire to participate in the Regional Greenhouse Gas Initiative (“RGGI”), a 10-state effort to cap and reduce greenhouse gas emissions from electric generating plants. A key aspect of RGGI is the creation of the Greenhouse Gas Emissions Reduction Fund (“RGGI Fund”), which the Legislature directed must be “used to support energy efficiency, conservation and demand response programs to reduce greenhouse gas emissions generated within the state,” and to reduce energy bills for New Hampshire electric customers. RSA 125-O:23. The Board is directed 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, I (d).

Another purpose for establishing the EESE Board was the increasing awareness that energy efficiency is the cleanest and least expensive energy resource, and that New Hampshire must do much more to take advantage of it. 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 Board’s duties are listed in Section III of this Report.

The EESE Board was created on October 1, 2008, and the Chair of the Public Utilities Commission (PUC) convened its organizational meeting on that day. The Board is administratively attached to the PUC, which provides administrative support. The PUC has created a comprehensive webpage for the Board and other interested parties where all meeting

materials and background information can be found: [www.puc.nh.gov/EESE.htm](http://www.puc.nh.gov/EESE.htm). The Board's first report was filed on December 1, 2008, and described the members, mission and next steps for the Board.

The purpose of this second Annual Report is to provide a report on the work of the EESE Board over the last year, and to discuss its evolving work plan for the coming year.

## II. Members

The members of the EESE Board, designated by RSA 125-O:5-a, II, include state agency heads, representatives of non-profit organizations and associations, legislators, and several non-voting members representing electric and natural gas utilities and businesses in the energy efficiency and sustainable energy sectors. The members are:

### Voting:

Richard Ober, NH Charitable Foundation, Chairman  
Jack Ruderman, Public Utilities Commission Sustainable Energy Division, Vice Chairman  
Eric Steltzer, Office of Energy and Planning  
Meredith Hatfield, Consumer Advocate, Office of Consumer Advocate  
Robert Scott, Director, Air Resources Division, Department of Environmental Services  
Roy Duddy, Director, Economic Development Division, Department of Resources and Economic Development  
Patti Carrier, NH Ball Bearings, BIA Designee  
Susan Olsen, NH Municipal Association  
Daniel Feltes, NH Legal Assistance  
Brian Wujcik, Homebuilders and Remodelers Association of NH  
Rep. David Borden  
Rep. James Garrity  
Sen. Martha Fuller Clark  
Dick Henry, The Jordan Institute  
Wes Golomb, NH Sustainable Energy Association  
Karen Rantamaki, State Energy Manager, Department of Administrative Services  
Ken Walsh, State Fire Marshal's Office, Department of Safety  
Dean Christon, NH Housing Finance Authority

### Non-Voting:

Gil Gelineau, Public Service Company of NH  
John Puc, National Grid

Cindy Carroll, Unitil<sup>1</sup>  
Ray Gosney, NH Electric Cooperative  
James Grady, LighTec  
Charles Niebling, New England Wood Pellet  
Janet Brewer, Ocean National Bank

A complete listing of members and their contact information is provided in Attachment

A. The members represent a wide range of interests that help inform the Board's work in its broad areas of responsibility.

There continue to be many interested members of the public regularly attending the EESE Board's meetings, many who have significant experience with energy efficiency or sustainable energy technologies and programs. In all, 136 people are on the Board's distribution list. The Board encourages broad participation in its work, as it acknowledges that its broad mandate cannot be achieved through the Board's work alone, and that those in the fields of energy efficiency and sustainable energy can provide important guidance on how best to achieve our goals in these areas. The Board appreciates the attendance and participation of members of the public at its meetings. The Board has utilized a working group structure to meet its broad statutory goals, which provides opportunities for participation from interested parties in the Board's work.

### III. Overview of EESE Board's Statutory Charge

As stated above, 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;

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<sup>1</sup> Unitil now owns Northern Utilities, which provides natural gas service to approximately 28,000 customers in the southeastern and seacoast regions of the state.

- 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. Description of 2009 Activities

The EESE Board met monthly during 2009, including a strategic planning session in July and several extended meetings to allow the Board time to work through expanded agendas. The Agendas, Minutes, presentations, and other materials from all of the EESE Board's meetings can be found on the PUC's EESE Board webpage, [www.puc.nh.gov/EESE.htm](http://www.puc.nh.gov/EESE.htm).

In addition to full board meetings, four work groups formed and met frequently. These groups included EESE Board members and non-members. The work groups focused on:

- Financing/funding
- Outreach and Public Education
- Public Sector action, especially in the municipalities
- Workforce development and job training

The primary focus of the Board and the work groups in 2009 was to develop a comprehensive work plan consisting of five integrated program areas:

- Enhanced Delivery System for Energy Efficiency and Sustainable Energy
- Coordinated municipal energy assistance
- Outreach and Public Education
- “Beacon” Communities
- Clean energy job training and workforce development

The Board believes that these programs – along with certain policy recommendations to be presented to the legislature, Public Utilities Commission, and Governor – will collectively meet the goals assigned to the Board. The work plan is also intended to substantially advance a number of recommendations in the *New Hampshire Climate Action Plan*, which was completed in March 2009. The EESE Board was able to work with Scudder Parker and Christine Donovan of the Vermont Energy Investment Corporation, through funding provided by private foundations, to guide the Board through the planning process. The work plan will be complete by the end of 2009 and will guide the Board’s work through 2010 and 2011.

Another major emphasis for the EESE Board in 2009 was to serve as a clearinghouse and advisory/coordinating body for the dramatic increase in public funding for energy efficiency and renewable energy programs from the Greenhouse Gas Emissions Reduction Fund administered by the PUC (approximately \$14 million in 2009, as well as an additional \$4 million from the

December 2008 auction) and the American Recovery and Reinvestment Act (ARRA), primarily administered by the Office of Energy and Planning (OEP) (approximately \$60 million over the next three years). Each Board meeting included updates and significant discussion about maximizing the effectiveness of these funds, minimizing redundancy, leveraging the funds with other resources, and other related topics. The Board provided extensive guidance and policy recommendations to the PUC in particular on the rules, process, and substance for a competitive grant program from the Greenhouse Gas Emissions Reduction Fund, and also provided some guidance on administration of the Renewable Energy Fund. Numerous experts presented a wide range of information to the EESE Board in 2009, including private consultants, public officials, utility executives, nonprofit organizations, and others. The final meeting of 2009 is scheduled for December 11<sup>th</sup>. The meeting will focus on finalizing the 2010-2011 work plan.

The Board welcomed the creation of the Energy and Climate Collaborative in May 2009. The Collaborative includes 18 institutions from the public, commercial, and nonprofit sectors that have voluntarily come together to track implementation of the Climate Action Plan. There are several institutions that are represented on both boards. The work of the two bodies is complementary and there is close communication and coordination between them through their common members.

Finally, during its discussions related to its work plan and its overarching goals, the EESE Board on several occasions discussed the fact that transportation and land use policy, while integral to achieving the state's climate change and energy policy goals, are not within the charge of the Board. It was suggested that the Board should continue to be mindful of these important areas, including their connection to energy policy and programs, and recommend that

a body similar to the EESE board would be very helpful in exploring those transportation and land use issues more fully.

V. 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. Accordingly, the Board recommends the following:

A. *Relative to the Operation of the EESE Board*

1. The EESE Board should continue its work for at least three more years. The Board formally requests an affirmative extension by the legislature to December 31, 2012, pursuant to HB2, Chapter 144:87, Laws of 2009 that sunsets all non-regulatory boards and commissions by June 2011, absent such affirmation.
2. The EESE Board requires professional technical assistance to achieve its statutory charge. Thousands of person hours have been and will continue to be contributed by the Board members and public participants, but those volunteer hours must be supplemented with competent professional consultants or staff. The Board seeks funding of at least \$100,000 per year for three years to support expert assistance. Such funding could come from the Greenhouse Gas Emissions Reduction Fund; the Renewable Energy Fund; or other funding through the Public Utilities Commission. The Board is poised to make a lasting and significant contribution to a more coordinated and coherent set of programs and policies that have the potential to help the state, municipalities, residences, and businesses save

enormous amounts of money over time. However, the Board must have the resources necessary to fulfill its obligations.

- B. *Relative to the 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, I (d):*

The Board has made recommendations on an ongoing basis during 2009, and will continue to do so in 2010. Generally, the Board believes that the Public Utilities Commission should consider the following six principles when making allocations from the Greenhouse Gas Emissions Reduction Fund in 2010 and 2011:

1. GGERF funds should be directed to both 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.
2. A significant portion of the funds should be used to advance the five program priorities identified by the EESE Board in its forthcoming 2010-2012 work plan.
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 for GGERF funds should not be so prescriptive as to exclude innovation and flexibility among applicants.
5. Funds should be allocated such that they encourage and complement private sources, not discourage them.
6. Some portion of funds should be used for clearly defined and effective revolving loans and other programs that will "recycle" investments in the economy.

The Board will continue to refine these principles, as well as continue to make specific recommendations in 2010. In addition, the Board will provide guidance to the Commission regarding the management of the electric Core programs, funded by electric customers through the System Benefits Charge (SBC), and the natural gas efficiency programs supported by customers through natural gas rates. Making recommendations related to the coordination of all efficiency and renewable energy funds under the Commission's jurisdiction is a key part of the EESE Board's role. Another key role for the Board is to ensure that all public funds allocated to help New Hampshire residents, businesses, non-profits and municipalities reduce their use of fossil fuels for energy are widely available and used as efficiently as possible while providing maximum economic benefits.

*C. Relative to the Board's charge to make policy recommendations as part of its annual report.*

The Board is reviewing several legislative proposals and may communicate its position on certain bills to the appropriate committees during the 2010 legislative session.

The Board will also explore other possible funding sources in 2010, including unregulated fuels, which currently do not contribute to the existing efficiency and renewable funding sources funded by electric and natural gas ratepayers, and which are outside the jurisdiction of the PUC.

## VI. Next Steps

The EESE Board plans to meet at least once a month in 2010, on the second Friday of each month, beginning on January 8<sup>th</sup>. The Board will likely also continue to utilize the working group structure to assist it with the specific focus areas identified in the Board's work plan for 2010.

VII. Conclusion

The EESE Board represents an important next step in the development of a comprehensive approach to energy efficiency and sustainable energy policies and programs for New Hampshire. 2009 was an important year for the Board to educate itself about the state's resources and needs in the areas of energy efficiency and sustainable energy. The Board looks forward to a productive year of focusing on its work plan, in coordination with other related efforts, in support of its mission in 2010.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Richard Ober". The signature is written in a cursive style with a long horizontal stroke at the end.

Richard Ober, Chairman