

STATE OF NEW HAMPSHIRE



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

Sixth Annual Report

Prepared for:
Governor Margaret Wood Hassan
Senate President Chuck Morse
Speaker of the House Terie Norelli
Senator Russell Prescott, Chair, Energy and Natural Resources Committee
Representative David Borden, Chair, House Science, Technology and Energy Committee
Public Utilities Commission

December 10, 2013

I. Introduction

This annual report provides an update on the activities of the Energy Efficiency and Sustainable Energy Board and its recommendations for action, pursuant to RSA 125-O:5-a IV.

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 least expensive and cleanest energy resource, and that New Hampshire must do more to promote energy efficiency and sustainable energy resources as a means to bolster the state’s economy and spur business innovation, improve energy security, reduce customer costs, and protect the environment. To this end, the EESE Board is directed to develop a plan to achieve the state’s energy efficiency potential as well as economic and environmental sustainability of the state’s energy system, including development of clean energy resources, and to ensure that the state is providing leadership on energy efficiency and sustainable energy matters.

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 roughly 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.

III. Statutory Duties

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

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;
- 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 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 2013) are:

Acting Chair:

Kate Peters, PSNH — utility appointment by PUC Chair, RSA 125-O:5-a, III(a) (non-voting)

Voting Members:

Sen. Jeb Bradley — Senate President appointment, RSA 125-O:5-a, II (k)

Susan Chamberlin — Consumer Advocate, RSA 125-O:5-a, II (c)

Brandy Chambers — OEP designee, RSA 125-O:5-a, II (b)

Jeffrey Cyr — Fire Marshal designee, RSA 125-O:5-a, II (n)

Kate Epsen --- NH Sustainable Energy Assoc. — not-for-profit appointment by PUC Chair, RSA 125-O:5-a, II (l)

Mike Fitzgerald — DES designee, RSA 125-O:5-a, II (d)

Ben Frost — Housing Finance Authority designee, RSA 125-O:5-a, II (o)

Tricia Grahame — Homebuilders Association/Build Green NH designee, RSA 125-O:5-a, II (i)

Rep. Robert Introne — House Speaker appointment, RSA 125-O:5-a, II (j)

Alan Linder — NH Legal Assistance designee, RSA 125-O:5-a, II (h)

Brian Ramsey — BIA designee, RSA 125-O:5-a, II (f)

Karen Rantamaki, State Energy Manager — DAS designee, RSA 125-O:5-a, II (m)

Laura Richardson, The Jordan Institute — not-for-profit appointment by PUC Chair, RSA 125-O:5-a, II (l)

Jack Ruderman — PUC Chair designee, RSA 125-O:5-a, II (a)

Deborah Schachter, NH Charitable Foundation — not-for-profit appointment by PUC Chair, RSA 125-O:5-a, II, (l)

Theresa Swanick — NH Municipal Association designee, RSA 125-O:5-a, II (g)

Rep. Chuck Townsend — House Speaker appointment, RSA 125-O:5-a, II (j)

Chris Way — DRED designee, RSA 125-O:5-a, II (e)

Non-Voting Members:

Michael Bruss, Bruss Construction, Inc. — energy services co. appointment by PUC Chair, RSA 125-O:5-a, III (b)

Michael Behrmann, Revolution Energy, LLC— renewable energy business appointment by PUC Chair, RSA 125-O:5-a, III (c)

Cindy Carroll, Unutil/Northern — utility appointment by PUC Chair, RSA 125-O:5-a, III (a)

Allison Field, Provident Bank — investment community appointment by PUC Chair, RSA 125-O:5-a, III (d)

Debra Hale, Liberty Utilities — utility appointment by PUC Chair, RSA 125-O:5-a, III (a)
Carol Woods, NH Electric Coop—utility appointment by PUC Chair, RSA 125-O:5-a, III (a)

The Board has since its inception appreciated and encouraged attendance and participation of the public at its meetings. Business, municipal and nonprofit leaders and other stakeholders regularly attend the EESE Board's monthly meetings and are encouraged to bring relevant energy experience to the Board's discussions. In all, 130 people are on the Board's email distribution list, not including Board members. The Board recognizes that energy consumers, business leaders, municipal officials, energy efficiency and sustainable energy professionals, and other concerned members of the public and private sectors are all crucial to achieving our state's energy goals.

V. Description of 2013 Activities

The EESE Board will have met eleven times in 2013: in January, February, March, April, May, June, July, September, October and November, with a December meeting scheduled. Meeting 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.

In addition, the Board has utilized a working group structure to meet its broad statutory goals, enabling work between Board meetings and opportunities for participation from both EESE Board members and non-members. Working groups in 2013 focused on Outreach and Public Education (O&E) and Legislative Monitoring. Major activities of the Board for 2013 focused on dissemination and follow-up of the Board's 2012 Independent Energy Study Final Report, a series of panel discussions designed to bring in experts on a series of energy topics and strategic planning regarding the Board's future work.

Dissemination of 2012 Final Report

The initial area of focus for the EESE Board in 2013 was dissemination of a Final Report completed at the end of 2012 containing the Board's assessment and recommendations relative to the findings of the Independent Energy Study in accordance with SB323 (NH Chapter 335 of the Laws of 2010). A copy of the Final Report, including a Matrix of Recommendations, can be found on the EESE Board webpage. Dissemination activities in 2013 included meetings with the Governor's transition team, the House Science, Technology and Energy Committee as well as Senator's Prescott, Odell and Bradley. Board members shared the report with their own organizations and networks, posting on websites, in newsletters and blogs. With the assistance of Chris Skoglund of the Department of Environmental Services (DES), the O&E Committee created and shared with members a presentation summarizing the Final Report and recommendations. The Committee also kept track of outreach efforts and feedback.

One of the three priority recommendations from the Final Report is that the state develop and implement an Energy Efficiency Resources Standard (EERS). An EERS is a market-based approach that sets state targets for achieving cost-effective reductions in energy use over time. Various approaches to an EERS have successfully reduced energy use in many other states. In 2013 the Office of Energy and Planning (OEP) contracted with Vermont Energy Investment Corporation (VEIC), funded through a federal grant from the Department of Energy (DOE), to develop an implementation plan for a NH EERS. The EESE Board provided a key venue for the stakeholder process conducted as part of this project. At the May, 2013 Board meeting VEIC provided an overview of the study purpose and process, and described the components and design criteria for a successful EERS. Discussion and feedback from the Board helped to shape the remainder of their work on the Study. In November VEIC came back to the Board for a

presentation and discussion of the final recommendations. Becky Ohler of DES initiated a working group to take a more in-depth review of the study. This group is currently meeting and plans to bring a recommendation to the full Board at the December meeting regarding the potential for additional action on the Study and EERS policy.

Panel Discussions

The EESE Board frequently solicits presentations from projects and programs working on issues of interest to the Board. In 2013 the Board decided to evolve the presentation model into a series of panel discussions that would allow for more in-depth exploration with experts. Topics were based on areas where the Board felt there is a need for additional understanding of barriers and approaches in order to encourage adoption of energy efficiency and sustainable energy projects.

The first panel focused on municipal and school district projects. Panelists Kevin O'Maley from the City of Manchester, Neil Barry from Merrimack Valley High School, Theresa Swanick from the Town of Effingham and Tom Rooney from TRC, Inc., discussed projects they have implemented and some of the barriers and opportunities surrounding energy projects at the local level.

The second panel covered the topic of energy projects in commercial buildings and was held at the Comfort Inn in Concord, a property that had recently completed an extensive energy efficiency retrofit. Panelists included Michael Davey from Energy Efficient Investments, Michael Behrman of Revolution Energy, Michael Bruss from Bruss Construction and Mark Lucas from Johnson Controls. The group discussed some of the barriers faced when implementing commercial projects, such as the need to streamline programs and building owner education, and had a lengthy discussion with Board members regarding financing options.

A third panel focused on marketing and communications and generated a lively conversation about customer motivations, outreach methods and potential statewide efforts. Panelists Eric Stanley of Liberty Utilities, Bob Walker of Sustainable Energy Resource Group, Peter Adams of Plymouth Area Renewable Energy Initiative and Mike Turcotte of Turn Cycle Solutions provided a diverse knowledge base and background for the discussion.

At the July meeting the State's four utility companies came to the Board for feedback as they looked at the program design for municipal programs required by SB 123. The conversation focused on particular barriers faced by municipalities, the types of technical assistance needed and the types of potential projects. The utilities were able to incorporate ideas from this discussion into the program planning for a fall docket filing with the PUC. Board Member Carol Woods of NH Electric Coop has provided additional updates and information to the Board as the docket progresses.

In addition to the panel discussions, the Board heard several other presentations in 2013. Karen Rantamaki (State Energy Manager) and Susan Thorne (OEP) provided an update on the Statewide Energy Conservation Plan. The Plan includes a robust process for identifying and implementing energy improvements in state facilities. A presentation on the Transportation sector by Dolores Rebelledo and Becky Ohler of DES provided background on efforts to expand the use of electric vehicles in the transportation sector. The Granite State Clean Cities Coalition, a Department of Energy program to reduce local emissions and national petroleum use, as well as the Transportation Climate Initiative, an outgrowth of multi-state collaboration on the Regional Greenhouse Gas Initiative (RGGI), are two programs doing innovative work in the transportation sector. Senator Shaheen's office also provided regular updates on federal legislation, including the Energy Savings & Industrial Competitiveness Act sponsored by Senators Shaheen and Portman.

Legislative Monitoring and Letter on REF

The Legislative Subcommittee held regular conference calls during the legislative session and along with Board member Rep. Townsend, kept the Board up to date on legislation pertaining to energy issues. Of particular concern to the Board was the legislature's discussion of, and eventual action on, the transfer of funds from the Renewable Energy Fund to the General Fund as part of the state budget legislation in HB-2-FN-A-LOCAL. At the June 14, 2013 meeting the Board approved a resolution opposing the transfer of funds and recommending that they remain in the dedicated account and used solely for their original purpose to stimulate investment in low emission renewable energy generation technologies. The resolution, attached as Appendix A, was sent to the Governor, Senate President, Speaker of the House and Majority and Minority leaders of both legislative bodies.

Strategic Planning

The Board saw a slight change in leadership in 2013 as Chair Kate Peters transitioned from employment with the NH Better Buildings program to utility-sponsored energy efficiency programs at PSNH, and thus moved to one of the non-voting seats on the Board. The Board requested that Ms. Peters stay on as Acting Chair for the remainder of the year while it considers future leadership.

In September and October the Board spent time on strategic planning to identify important areas of work for the coming year. While the Board considered moving to less frequent meetings, the members ultimately determined that monthly meetings are valuable and provide an appropriate schedule for members to stay updated and to act when necessary on issues that can develop rapidly. The October meeting focused on an interactive exercise to identify strengths and weaknesses so that the Board can focus its efforts in the most valuable and

productive way. Absent statutory authority, dedicated staff and financial resources, the Board recognizes that it is very limited in its ability to implement programs or projects. At the same time, the Board feels that it excels in its ability to bring together a diverse group of stakeholders and generate discussion and feedback in a collaborative environment. Additional discussion at the upcoming December meeting will focus on identifying areas of focus for 2014 that take advantage of this unique forum.

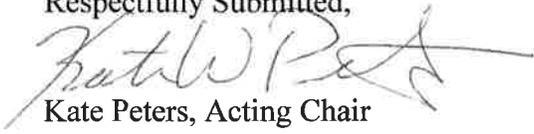
Initial discussions with the Office of Energy and Planning about the work of the newly created State Energy Advisory Council, a group charged with development of the next State Energy Plan, indicate opportunity for the EESE Board to provide information and assistance in that critical and challenging process. Specific details of any collaboration will evolve as the Advisory Council develops their own work plan for the year.

VI. Conclusion

The EESE Board has endeavored to be a forum for collaboration and information sharing and to assist the state in 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 Board appreciates enormously the engagement and immense time contribution of so many interested parties, including its volunteer members, non-voting participants and many other public and private stakeholders. This contribution by so many participants in support of dialogue, inquiry, analysis and sharing of ideas has created a unique opportunity for the state to draw on a wide variety of experience and knowledge as it navigates the next steps to move its energy efficiency and sustainable energy agenda forward. The EESE Board looks forward to building on the

knowledge gained from its previous work and helping the state to meet the next set of challenges and opportunities in energy efficiency and sustainable energy.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Kate Peters", written in black ink. The signature is fluid and extends to the right with a long horizontal stroke.

Kate Peters, Acting Chair

Appendix A

RESOLUTION OF THE ENERGY EFFICIENCY AND SUSTAINABLE ENERGY BOARD

June 14, 2013

The Energy Efficiency and Sustainable Energy (EESE) Board opposes the transfer of dedicated funds from the Renewable Energy Fund (REF), established pursuant to RSA 362-F:10 and maintained by the state treasurer under RSA 6:12, I. (b) (253), to the New Hampshire general fund pursuant to HB 2-FN-A-LOCAL as Amended by the Senate.

The transfer of REF funds negatively affects the ability of the State of New Hampshire to carry out the purpose of RSA 362-F to “stimulate investment in low emission renewable energy generation technologies” thereby lowering regional dependence on fossil fuels, keeping energy dollars in the state, improving air quality and mitigating against the risks of climate change. Furthermore, the EESE Board included “maintain and strengthen the Renewable Portfolio Standard” as one of three primary recommendations to the legislature in its November 2012 Final Report on the New Hampshire Independent Energy Study, building on several years of careful review and analysis of state energy policies done by the Board and independent consultants.

RESOLVED: It is the recommendation of the EESE Board that REF funds deposited in the above RSA 6:12, I (b) (253) dedicated account be used solely for the purposes set forth in RSA 362-F.