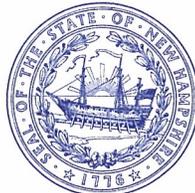


THE STATE OF NEW HAMPSHIRE

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September 14, 2012

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

RE: Docket No. DE 10-188 CORE Energy Efficiency Programs
Staff Comments on Intervenors' Proposal to Use RGGI Funds



Dear Ms. Howland:

On September 7, 2012, the Jordan Institute, on behalf of an intervenor group in the CORE Energy Efficiency docket, filed a revised proposal for use of 2012 Regional Greenhouse Gas Initiative (RGGI) auction proceeds. This intervenor group includes the New Hampshire Community Action Agencies Association, the New Hampshire Housing Finance Authority, the Community Loan Fund, TRC Energy Services, and the Jordan Institute (hereafter, Intervenors). A proposal from certain intervenors had been presented at the August 30, 2012 hearing as Exhibit 58 but was later withdrawn. The revised proposal is filed pursuant to N.H. Code of Admin. Rules Puc 2604.01(b)(2) (2009) The Intervenors estimate that there will be \$5.7 million of available funding, with \$1.7 million allocated to the electric utility Core program proposal and \$4.0 million allocated to the Intervenors' proposed programs.

The Intervenors request authority to use the RGGI funds under two arguments. Under the first argument, the Intervenors state that the Commission may award RGGI funds to existing non-utility programs through the current Core docket, DE 10-188. This option allocates \$4.0 million of RGGI funds, accumulated up through December 31, 2012, to certain non-utility entities that administer existing RGGI grantee programs and other appropriate programs. This option assumes that the Commission finds it appropriate to authorize funding under Puc 2604.01(b)(2), "an adjudicative proceeding, pursuant to Puc 203, for the system benefits charge core efficiency programs approved pursuant to RSA 374-F." Under this option, the Intervenors propose that five non-utility entities receive direct funding for their respective programs.

Staff believes that, if the Commission finds it appropriate to fund these programs, in whole or in part, these non-utility entities should be required to provide periodic reporting to the Commission on the status of these funds. These reporting requirements would enable the Commission to monitor the status of the funds approved and the subsequent expenditures for these programs. Further, Staff believes that non-utility entities receiving funding would be subject to audit by the NHPUC Audit Staff, consistent with the practice for RGGI grantee programs in the past.

Under the Intervenor's second argument, the Commission may fund existing RGGI grantee programs and other appropriate programs. Under this option, the Intervenor propose that \$4 million be allocated to the same non-utility entities and programs. The Intervenor request that if the Commission finds that it is inappropriate to award some or all of the grants under Puc 2603.01(b)(2), the Intervenor request that the Commission waive rule Puc 2604.01(b), as authorized by Puc 201.05. Staff believes that, if the Commission finds this route more appropriate, then the Intervenor should be required provide periodic reporting to the Commission on the status of these funds. These non-utility entities would also be subject to audit by the NHPUC Audit Staff for these funds.

With respect to the allocation of \$4.0 million to the Intervenor's proposal, the Intervenor assume that the December RGGI auction proceeds will be \$2.0 million. Staff notes that there is no guarantee that the proceeds will be \$2.0 million; the actual 2011 auction proceeds averaged \$1.6 million per quarter, with significant fluctuations by quarter as follows: March auction (\$3.3 million), June auction (\$0.9 million), September auction (\$0.5 million), December auction (\$1.8 million). Given the uncertainty of the December 2012 auction proceeds, Staff recommends that actual funds currently unencumbered be used as the basis for allocating funds between the Intervenor vs. the utilities. This would avoid the possibility of a funding shortfall at the end of 2012. Staff summarizes the actual funds currently unencumbered as follows:

Presently Unencumbered Funds	\$1,642,412 ¹
Proceeds of 9-5-2012 RGGI Auction	<u>\$2,063,564</u>
Actual Funds Currently Unencumbered	<u>\$3,705,976</u>

When the actual RGGI auction proceeds for December 2012 are known, the remaining funds could be used as the basis for the allocation between the Intervenor and the utilities.

With respect to performance incentives (PI), Staff asks Commission indulgence to continue its work with interested parties to develop updated PI percentages and formulas. In the

¹ Unencumbered funds have been reduced by an estimate of fiscal year 2013 administrative budgets of \$388,325 (reference Jack Ruderman letter dated September 13, 2012).

DE 10-188

Staff recommendation

meantime, for Intervenors, Staff recommends the Commission maintain the current practice of not allowing PI for RGGI funds.

Sincerely,

A handwritten signature in cursive script that reads "Marcia A. B. Thunberg".

Marcia A. B. Thunberg
Staff Attorney

cc: Docket Related Service List