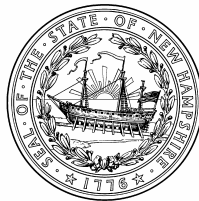


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The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES

Thomas S. Burack, Commissioner



October 9, 2009

The Honorable Naida Kaen, Chairman
House Science, Technology, and Energy Committee and,
Electric Utility Restructuring Legislative Oversight Committee (pursuant to RSA-374-F:5)
Concord, New Hampshire 03301

The Honorable Suzanne Harvey, Vice Chairman
House Science, Technology, and Energy Committee and Chairman,
Air Pollution Advisory Committee (pursuant to RSA-125-J:11)
Legislative Office Building, Room 304
Concord, New Hampshire 03301

Re: RSA 125-O:21 RGGI annual report required of the Department of Environmental Services (DES) and the Public Utilities Commission (PUC)

Dear Chairmen Kaen and Harvey, and Members of the Committees:

House Bill 1434, passed in the 2008 session and signed into law (*NH Laws of 2008, Chapter 182*¹), established the state's Carbon Dioxide Emissions Budget Trading Program in accordance with the Regional Greenhouse Gas Initiative (RGGI). RGGI is a cooperative effort by ten Northeast and Mid-Atlantic states (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont) to limit greenhouse gas emissions from the electric power generation sector. RGGI is the first mandatory, market-based CO₂ emissions reduction program in the United States.

The bill directed DES and PUC to establish the state's budget trading program to comport with the RGGI Memorandum of Understanding (MOU)² signed by Governor Lynch on December 20, 2005, which committed the state to seek legislative authority to implement the emissions trading program in cooperation with the other RGGI states. The NH specific legislation is codified in New Hampshire Revised Statutes Annotated Chapter 125-O, sections 18 – 28. The legislation requires an annual report on the program to specific standing legislative committees with responsibility for oversight of air pollution issues and electric generation in the state.

¹ See <http://www.gencourt.state.nh.us/legislation/2008/HB1434.html> for full text of the act.

² See <http://rggi.org/about/documents>.

Specifically, section 125-O:21 VI requires the following of DES and PUC:

“125-O:21 Carbon Dioxide Emissions Budget Trading Program. –

VI. The department and the commission shall report on an annual basis to the air pollution advisory committee under RSA 125-J:11 and the legislative oversight committee on electric utility restructuring under RSA 374-F:5, on the status of the implementation of RGGI in New Hampshire, with emphasis on the prices and availability of RGGI allowances to affected CO₂ sources and the trends in electric rates for New Hampshire businesses and ratepayers. The report shall include but not be limited to:

- a) The number of allowances sold in the RGGI program and the type of entities purchasing allowances;*
- b) The number of unsold allowances in the RGGI program;*
- c) The available price data of allowances from the regional auction and secondary markets;*
- d) Market monitoring reports;*
- e) The CO₂ emissions by affected source, state, and RGGI region;*
- f) The spending of revenues from auction allowances by each RGGI state; and*
- g) The allocation and spending of the greenhouse gas emissions reduction fund, including associated energy savings and emissions reductions.*
- h) The status of any proposed or adopted federal CO₂ cap and trade program, the impact on New Hampshire's RGGI program, and recommendations for any proposed legislation necessary to accommodate the federal program.”*

Background

In 2003, then Governor Pataki of New York invited governors from Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont to begin discussions to develop a regional cap-and-trade program addressing carbon dioxide emissions from power plants. Environmental and utility commissioners from each of the states began a series of regular meetings to formulate program policy and a framework organization.

On December 20, 2005, seven of those states announced an agreement to implement the Regional Greenhouse Gas Initiative, as outlined in a Memorandum of Understanding (MOU) signed by the Governors of Connecticut, Delaware, Maine, New Hampshire, New Jersey, New York, and Vermont. The MOU provides the outlines of RGGI, including the framework for a Model Rule.

In August, 2006, the original seven MOU signatory states published a model rule to assist any participating state in implementation of RGGI. The model set of regulations detailed the proposed program, as outlined in the MOU, and served as the basis for individual state regulatory and/or statutory proposals. In early 2007, Massachusetts and Rhode Island, which had participated in the early development of RGGI, signed the MOU, as did Maryland later that year.

Together these ten states have focused on the design and implementation of a regional cap and trade program for emissions from power plants, with the option of expanding to other sectors in the future. All ten states have completed their necessary individual legislative and/or rulemaking processes. The first compliance period for each state's linked CO₂ Budget Trading Program began January 1, 2009.

To reduce emissions of greenhouse gases, the RGGI participating states are using a market-based cap-and-trade approach that includes:

- Establishing a multi-state CO₂ emissions budget (cap) that will decrease gradually until it is 10 percent lower than at the start
- Requiring electric power generators to hold allowances covering their emissions of CO₂
- Providing a market-based emissions auction and trading system where electric power generators can buy, sell and trade CO₂ emissions allowances
- Using the proceeds of allowance auctions to support low-carbon-intensity solutions, including energy efficiency and clean renewable energy, such as solar and wind power
- Employing offsets (greenhouse gas emissions reduction or sequestration projects at sources beyond the electricity sector) to help companies meet their compliance obligations

RGGI's phased approach means that reductions in the CO₂ cap will initially be modest, providing predictable market signals and regulatory certainty. Electricity generators will be able to plan for and invest in lower-carbon alternatives and avoid dramatic electricity price impacts.

Revenues from allowance auctions are primarily directed to energy efficiency measures intended directly or indirectly, to reduce regional electricity demand and, thereby, CO₂ emissions. For more detailed information on how RGGI works please refer to the attached [RGGI Fact Sheet](#).

Overview

From the Department's and the Commission's perspective, to date RGGI has been an unqualified success, particularly given the obstacles proposed by undertaking cooperative efforts among the ten states to establish and operate a viable carbon emissions trading market with a common currency (budget allowances) recognized by all parties. RGGI has helped establish a new and vibrant market for carbon in the United States with robust trading and strong demand for CO₂ allowances. RGGI auctions have been conducted for a full year, smoothly and professionally. The state has received over \$15,000,000 to date in allowance auction revenues for efficiency investments via participation in 4 regional auctions from December 2008 to September 2009 (see further discussion of allowance sales information and trends below). Total revenues collected for consumer benefit in the ten RGGI states have exceeded \$400 million

Two years ago the states jointly established an administrative entity, the Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.), a non-profit corporation created to support development and implementation of the ten participating states' CO₂ Budget Trading Programs. The environmental and utility or energy commissioners of the 10 states serve as the Board of Directors of the non-profit corporation (without compensation beyond their state jobs). Commissioner Burack has served as Chair of the Board's Audit Committee since the inception of RGGI, Inc. while Commissioner Below has served as the Secretary of the Board and as a member of the Executive Committee. He was recently elected to serve as one of two Vice-Chairs of the Board starting November 1. RGGI, Inc. provides technical and support services for key elements of the states' CO₂ Budget Trading programs, including:

- Development and maintenance of a system to report data from emissions sources subject to RGGI, and to track CO₂ allowances
- Implementation of a platform to auction CO₂ allowances
- Monitoring the market related to the auction and trading of CO₂ allowances
- Providing technical assistance to the participating states in reviewing applications for emissions offset projects
- Providing technical assistance to the participating states to evaluate proposed changes to the states' RGGI programs

Each RGGI state retains its own sovereign authority to implement and enforce the program in their own state, and auction proceeds for individual state allowances are directed back to that state for distribution in accordance with state law. RGGI, Inc. simply coordinates the joint activities, in particular the allowance

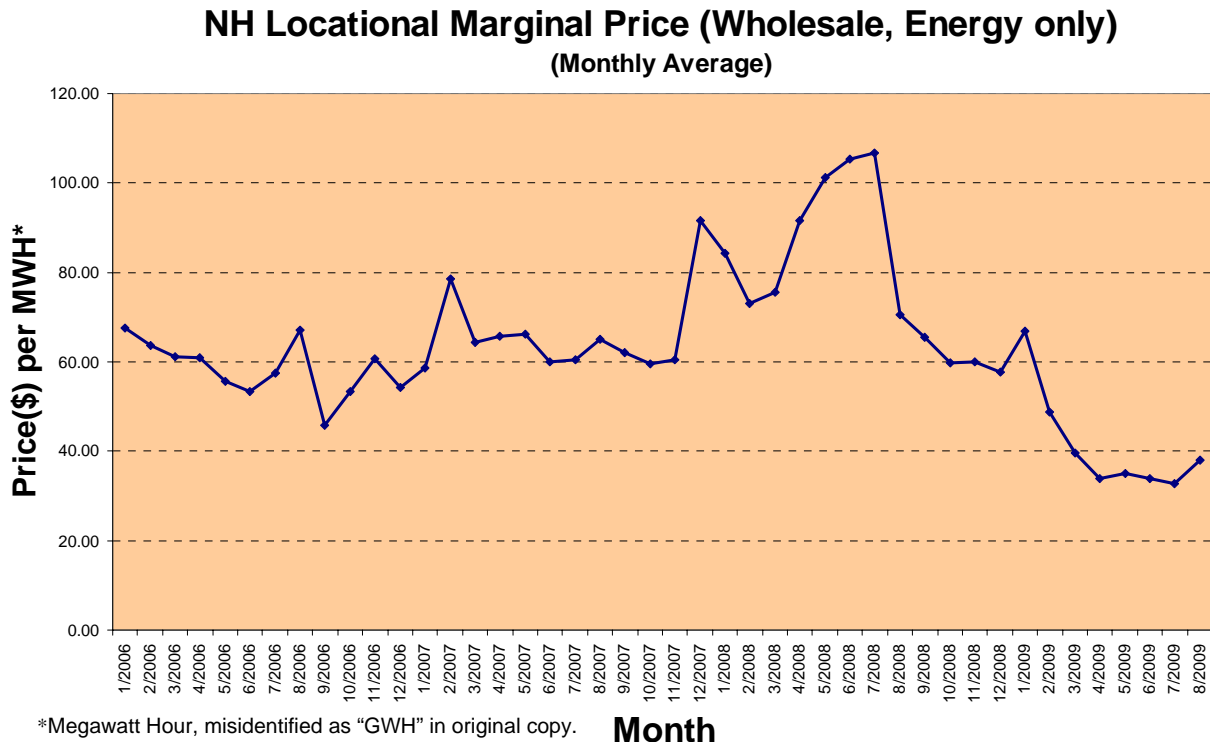
auctions and allowance tracking, thereby achieving administrative efficiencies by reducing duplicative administrative programs.

Trends in Electric Rates

Changes in electric rates, particularly the energy or generation component of rates, which is larger than all other components combined, have been driven primarily by changes in the cost of fossil fuels, especially natural gas, which operates on the margin most of the time in New England. For Unitil, National Grid and the New Hampshire Electric Cooperative, the cost of CO₂ allowances may be reflected in their default service rates to the extent that natural gas power plants operating on the margin price in carbon allowances in bids that set the market clearing price for power. However, the net effect is not transparent is not directly known.

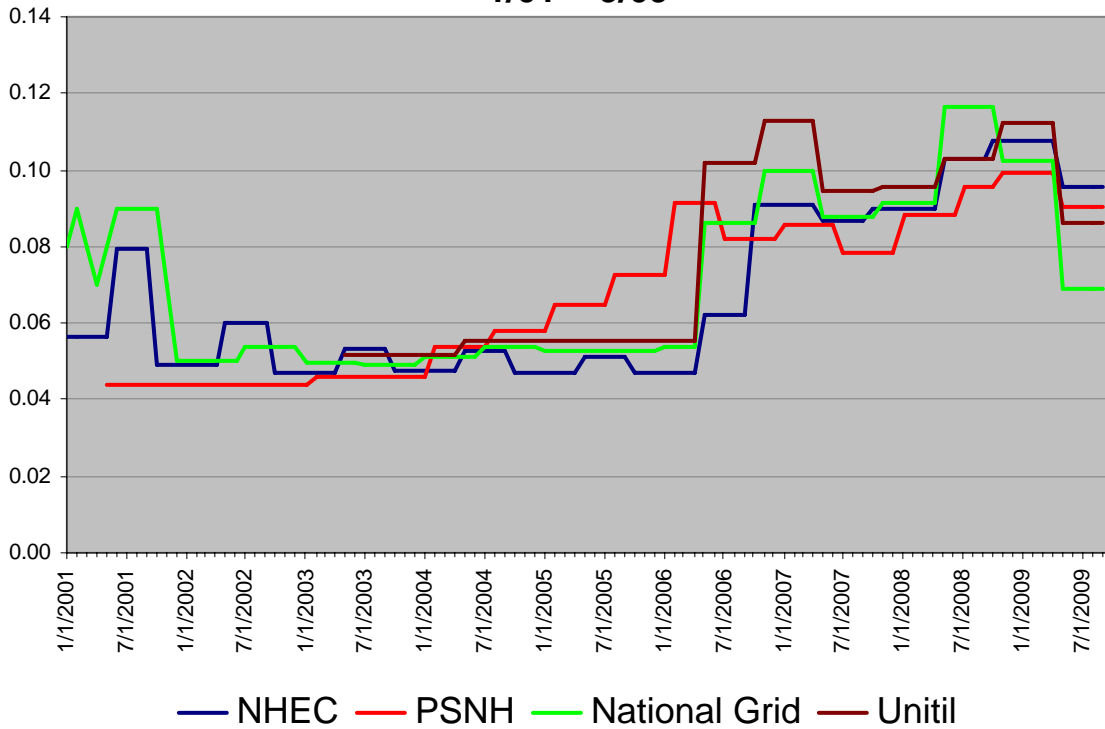
PSNH, on the other hand, purchases some of the CO₂ allowances that it needs (while others are directly granted) and has included an estimate of \$6,951,000 (or \$0.0010 per kWh) for total calendar year 2009 RGGI costs in its recent mid-year Energy Service rate update filing. As of June 30, 2009, actual RGGI costs for the first six months of the year were \$3,887,000. For 2010, PSNH is currently estimating total RGGI costs of \$8,800,000 (or \$0.0015 per kWh). The basis for this estimate is not publicly known at this time.

The monthly average wholesale locational marginal price (LMP) for New Hampshire for energy only (excluding capacity and ancillary service charges, as well as distribution and transmission charges) since January, 2006 is shown below:

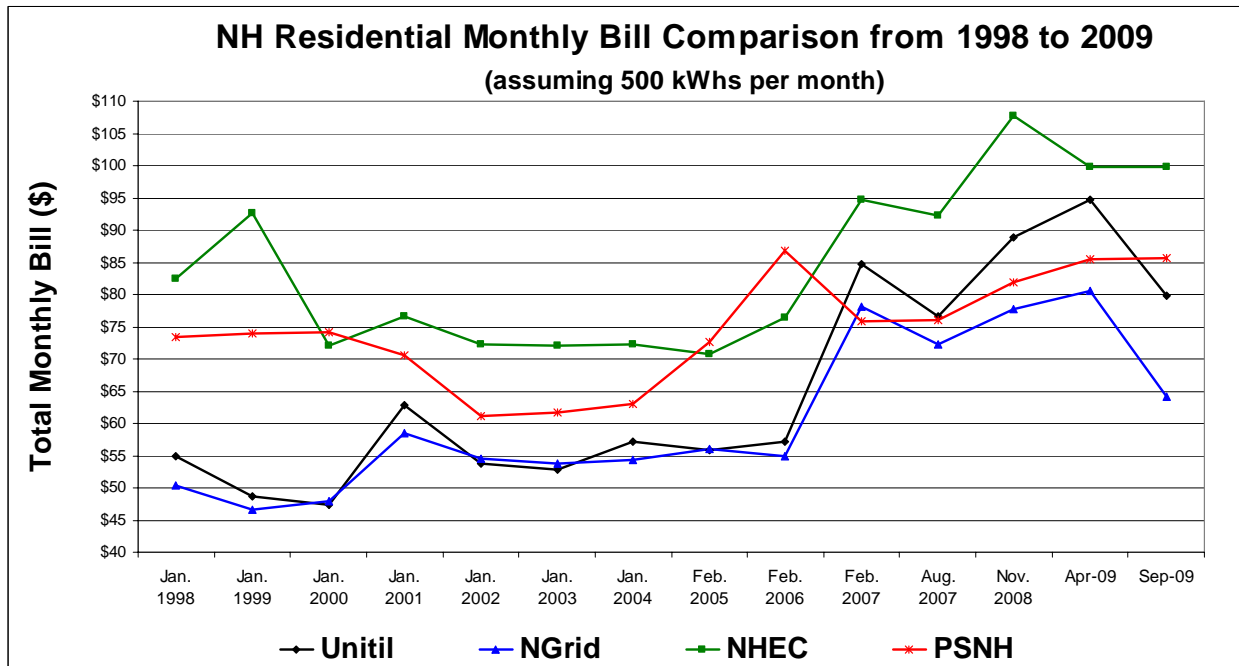


The trend since 2001 for the retail energy service component of rates (formerly Transition Service or TS, now Default Service or DS) for the 4 non-municipal NH utilities is shown below:

Energy Service Rates (TS & DS) - Residential 1/01 - 9/09



The average residential monthly electric bill for 500 kWh of use per month (close to the median usage level) since 1998 is shown below:



Allowance Auctions and Sales Information

The RGGI MOU established individual statewide allowance budgets under an initial regional budget cap of 188,076,976 tons. The regional and state specific caps were negotiated by the ten states based on adjusted regulated electric generation sector (25 MW or greater fossil fuel fired plants) emissions. New Hampshire’s budget for the initial compliance period (2009 – 2011) is 8,620,460 tons (or allowances), based on 2003 – 2004 annual New Hampshire affected source emissions.

Regional allowance auctions were designed in accordance with an auction design report³ by nationally recognized auction experts Charles Holt and William Shobe of the University of Virginia. Auction design elements intended to reduce or eliminate speculative and or collusive behavior and ensure market integrity include

- Quarterly auctions – single round, sealed bid
- Qualification of bidders
- Entities limited to 25% in any one auction
- Bid lots = 1,000 allowances
- Reserve price
- Auction monitoring.

New Hampshire has participated in four regional auctions to date. A total of 141,402,208 allowances have been sold in five regional auctions. No offered allowances were unsold. Allowance prices have remained in the projected range of \$2 to \$4 and 80 -85% of allowances have been purchased by regulated compliance entities. Concerns of allowance hoarding for speculation by non-compliance entities and allowance shortages or escalating prices due to speculative behavior have been unfounded. New Hampshire specific auction details are presented in the table below.

NH Auction Sales and Revenues to Date				
Auction (Vintage)	Date	Allowances	Price	Revenue
1-2009	9/25/08	0	\$3.07	\$0
2-2009	12/17/08	1,189,610	\$3.38	\$4,020,882
3-2009	3/18/09	1,189,611	\$3.51	\$4,175,535
3-2012		86,850	\$3.05	\$264,892
4-2009	6/17/09	1,189,610	\$3.23	\$3,842,440
4-2012		86,850	\$2.06	\$178,911
5-2009	9/9/09	1,189,610	\$2.19	\$2,605,246
5-2012		86,850	\$1.87	\$162,409
Total				\$15,250,315

There is a currently a price floor of \$1.86 per allowance. The same number of allowance sold in September will be up for auction in December. At a price of \$1.86, total revenue to NH from the December auction would be \$2,374,216. The 2009 vintage allowance available for auction are being sold

³ See <http://rggi.org/about/documents>

in 5 equal lots over 5 auctions. 2010 vintage allowances will be sold in four equal lots over 4 auctions in the last month of each quarter of the 2010 calendar year. Excluding future year vintage allowances, 2010 allowances, at the current floor price of \$1.86, would bring in about \$2,765,842 per quarter or just over \$11 million per year.

Market Monitoring and Secondary Market Reports

[Market Monitor Report for Auction 5](#) (attached), prepared for RGGI by Potomac Economics, is typical of all auctions to date and stated:

“We observed the auction as it occurred and have completed our review and analysis of the results. Based on our review of bids in the auction, we find no material evidence of collusion or manipulation by bidders. Participation in the 2009 vintage offering was robust with 46 separate entities submitting bids to purchase 2.5 times the available supply of allowances, resulting in a clearing price of \$2.19 per ton. Relative to the available supply of allowances, the quantity of allowances for which bids were submitted was comparable to that of Auction 3 and Auction 4. Consistent with previous auctions, compliance entities or their affiliates purchased the majority (77 percent) of the allowances in the auction....”

Based on our review of the administration of the market, we found that:

- *The auction was administered in a fair and transparent manner in accordance with the noticed auction procedures and limitations.*
- *The auction results were consistent with the market rules and the bids received.*
- *Sensitive information was treated appropriately by the auction administrator.*
- *There were no indications of hardware or software problems, communications issues, security breaches, or other problems with the auction platform.”*

The [Report on the Secondary Market for RGGI CO2 Allowances](#) (also attached) was prepared by Potomac Economics for RGGI, Inc. on behalf of the RGGI participating states. The report finds that there is “no evidence of anti-competitive conduct” and identifies increasing participation rates as a sign of “competitiveness and efficiency” in the market. Market Monitor reports for all auctions are available at www.rggi.org/co2-auctions/market_monitor.

CO₂ Emissions

2008 emissions from New Hampshire sources are as follows:

- **PSNH (Merrimack, Schiller, Newington)**
 - **3,112,114 + 818,594* + 98,334 = 4,029,042****
 - *excludes 543,810 from biomass (net zero)**
 - **PSNH will receive 3,564,718 2009 allowances (early reduction & CPA bonus)**
- **Granite Ridge = 1,974,812**
- **Newington Energy = 1,091,293**
- **Total = 7,095,147**

2009 (1st 6 month) emissions from New Hampshire sources are as follows:

- **PSNH (Merrimack, Schiller, Newington)**
 - **1,744,406 + 348,096* + 122,337 = 2,214,839**
***excludes 272,325 from biomass (net zero)**
- **Granite Ridge = 703,436**
- **Newington Energy = 445,801**
- **Total = 3,364,076 (x2 = 6,728,152)**

2008 emissions from the RGGI region are as follows:

- **CT = 8,988,858** **DE = 7,615,966**
- **MA = 21,438,041** **MD = 32,383,517**
- **ME = 3,691,278** **NH = 7,095,147**
- **NJ = 20,601,805** **NY = 48,348,177**
- **RI = 3,292,517** **VT = 2,559**
- **Total = 153,457,865**
- **Budget = 188,076,976**

These emissions are anticipated to be representative of state and regional demand for the compliance period, contingent on weather and economic conditions.

Use of Auction Revenue by Each RGGI State

The Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc., the regional organization supporting implementation of the states' CO₂ Budget Trading programs) has compiled basic information on how each state is using auction proceeds at www.rggi.org/states/program_investments. The following are excerpts from that website. Each state has established public plans, statutes or programs to invest proceeds from the sale of RGGI CO₂ allowances in programs that promote energy efficiency, support renewable energy innovation and deployment, reduce greenhouse gas emissions, and help consumers control energy costs. For more information on each state's participation in RGGI please consult [state regulations](#) and state [press releases](#) on the use of auction proceeds.

Connecticut

In accordance with [Section 22a-174-31:Control of Carbon Dioxide Emissions/CO₂ Budget Trading Program](#):

- 69.5 percent of Connecticut's proceeds from the sale of RGGI CO₂ allowances provide additional support for energy efficiency programs overseen by the Energy Conservation Management Board (ECMB) and administered by Connecticut Light & Power (CL&P), United Illuminating (UI) and the Connecticut Municipal Electrical Energy Cooperative (CMEEC).
- 23 percent of proceeds support renewable energy programs administered by the Connecticut Clean Energy Fund (CCEF).

For more information on CCEF's programs, please see:

- [CCEF Annual Report](#)

For more information on Connecticut's energy efficiency programs, please see:

- [ECMB Annual Report](#)

Delaware

Under Delaware's CO₂ Budget Trading Program Regulations, and as directed by [Senate Bill No. 263: An Act to Amend Title 7 of the Delaware Code Relating to RGGI and CO₂ Emission Trading Program](#), approximately 65 percent of the state's auction proceeds is directed to the new Sustainable Energy Utility, the entity tasked with providing energy efficiency and renewable energy programs for households and businesses.

A total 15 percent of auction proceeds is directed to low income consumers through programs administered by the Department of Health and Social Services. These programs include the federally funded and state administered Weatherization Assistance Program (WAP) and the federally funded and state administered Low Income Home Energy Assistance Program (LIHEAP) programs.

In addition, up to 10 percent will be used for greenhouse gas reduction projects selected by the Secretary following a periodic competitive proposal process. Projects must result in quantifiable and verifiable reductions in greenhouse gas emissions in Delaware not otherwise required by federal or state law and not receive funding from any other state sources. The remaining 10 percent may be used to administer RGGI and climate change programs in DNREC.

For more information on Delaware's use of auction proceeds, please see:

- [Sustainable Energy Utility \(SEU\)](#)
- [The Delaware Weatherization Assistance Program \(WAP\)](#)
- [The Delaware Energy Assistance Program \(DEAP\)](#)

Maine

Proceeds from the sale of Maine's RGGI CO₂ allowances are allocated according to [Title 35-A §10008](#), which establishes The Maine Energy and Carbon Savings Trust and directs Trustees to invest RGGI auction proceeds in electric and fossil fuel energy efficiency programs.

So far, the Trust has distributed \$650,000 in RGGI proceeds to low-income weatherization projects and allocated 40 percent of the state's proceeds from auctions 1-4 to Efficiency Maine, a residential energy-efficiency and conservation program administered by the Public Utilities Commission.

The Trustees report that an additional 25 percent of proceeds will be awarded as competitive grants for large energy efficiency and conservation projects, ranging from \$10,000 to \$1 million each. After evaluating preliminary results from these programs, the Trustees will identify additional areas in need of funding and disburse the remaining proceeds.

For more information on Maine's use of RGGI auction proceeds, including budgeting and project selection criteria please see:

- [Plan for Allocation of RGGI Proceeds](#)
- [Rules for the Administration of Trust: amended May 2009](#)

Maryland

Maryland is using proceeds from the sale of RGGI CO₂ allowances to establish the Strategic Energy Investment Fund (SIEF), a special, non-lapsing fund administered by the Maryland Energy Administration (MEA).

SIEF funds are allocated according to [Senate Bill no. 268](#) and [House Bill no. 101](#), which direct RGGI auction proceeds to energy efficiency, conservation, and other demand response programs; residential energy bill assistance; renewable energy deployment; and climate change outreach and education.

So far, the MEA has allocated \$7.3m in SIEF funds to energy efficiency and renewable energy projects under the "EmPOWER Clean Energy Communities" programs. A total of 64 grants have been awarded in three categories:

- Grants for energy efficiency totaling \$4.5 million, of which \$3.5 million is dedicated to low and moderate income households
- Zero-interest energy efficiency loans, totaling \$2.6 million, of which \$1.5 million is for low and moderate income households
- Renewable energy grants totaling \$193,000.

Together, these projects are projected to result in overall energy savings of an estimated 12.2 million kilowatt hours annually, or \$1.6 million in energy savings each year.

For more information on proposed SIEF programs, please follow the links below:

- [Proposed FY2009 Programs from the Maryland Energy Administration](#)
- [Proposed FY2010 Programs from the Maryland Energy Administration](#)

Massachusetts

Massachusetts, through the Department of Environmental Protection (DEP) and the Department of Energy Resources (DOER), has developed a plan for the distribution of RGGI auction proceeds to a range of consumer benefit programs, with the largest distribution going to utility-administered energy efficiency programs.

More than \$28 million in revenue from the two auctions held in 2008 has been allocated to the following programs:

- Green Communities Program start-up and Green Communities Program Grants for cities and towns (\$10 million)
- Ramp-up of utility-administered energy efficiency programs (\$5.9 million), as required to support the Green Communities Act.
- Assistance to municipalities for energy efficiency projects identified in DOER audits, but previously unfunded (\$2.7 million)
- Heating system replacements in low-income households, through DHCD's HeartWAP program (\$4 million)
- Workforce development and training programs focused on energy efficiency for homes, businesses and public buildings (\$1.9 million for the Energy Efficiency Skills and Innovation Initiative), as well as seed grants and other support for innovative delivery models that will allow the energy efficiency industry to reach a new level of capacity (\$3 million)
- Program administration (\$500,000) to cover administration of the programs (note: very small portions of the above amounts may also be used to fund administration of the programs, e.g., Green Communities Program start-up)

Revenue from the auctions occurring in 2009 is expected to be dedicated to utility-administered energy efficiency programs, as directed by the [Chapter 169: An Act Relative to Green Communities](#) (the Green Communities Act). For more information on Massachusetts use of auction proceeds, please see:

- [Update on RGGI Auction Proceeds and Programs to Be Funded, September 11, 2009](#)
- [Update on RGGI Auction Proceeds and Programs to Be Funded, June 19, 2009](#)
- [Green Communities Program](#)

New Hampshire

New Hampshire is using RGGI auction proceeds to establish the Greenhouse Gas Emissions Reduction Fund (GHGERF). The fund supports energy efficiency, conservation, and demand response programs to reduce greenhouse gas emissions generated within New Hampshire, as well as administrative costs.

The administration of the GHGERF is governed by [Chapter Puc 2600: Greenhouse Gas Emissions Reduction Fund](#), which directs a minimum of 10% of program allocations to low income energy efficiency programs, and the balance to electric and fossil fuel energy efficiency programs including, but not limited to: energy audits, weatherization of buildings, energy efficiency related workforce development, revolving loan funds for energy efficiency investment, deployment of industrial process and control systems, passive solar heating and ventilation, building code compliance, improvements to electric and thermal efficiencies of existing buildings, retrofitting of housing, education and outreach, demand response programs to reduce peak load.

The first \$1.2 million in auction revenue was allocated by the legislature to expand low income weatherization services for last winter. So far, New Hampshire has announced the allocation of an additional \$17.6 million to 30 programs that engage non-profits, utilities, businesses, residents, municipalities, universities, and K-8 schools to reduce emissions through increased energy efficiency; energy education and outreach; benchmarking; and green workforce development.

For more information on New Hampshire's use of RGGI auction proceeds, please see:

- [The GHGREF Grant Fund Announcement](#) -21 Proposals Selected, Phase 2
- [The GHGREF Grant Fund Announcement](#) - 9 Proposals Selected, Phase 1

New Jersey

Proceeds from the sale of New Jersey's RGGI CO₂ allowances are allocated according to [Chapter 340: N.J.S.A. 26:2C-45: the New Jersey Global Warming Solutions Fund Statute](#), which directs:

- 60 percent of proceeds to the New Jersey Economic Development Authority (EDA) for end-use energy efficiency, combined heat and power, and renewable energy project loans and grants in the commercial, institutional, and industrial sectors.
- 20 percent of proceeds to the New Jersey Board of Public Utilities (BPU) to support programs to reduce electricity costs or electricity demand for low- and moderate-income residential electricity customers.
- 20 percent of proceeds to the New Jersey Department of Environmental Protection (DEP) to support local government programs to implement greenhouse gas emissions reduction measures (10%) and programs to enhance forest stewardship and tidal marsh restoration that provide important opportunities to sequester carbon (10%).

The DEP, EDA and BPU are coordinating to allocate proceeds from the sale of RGGI auctions to eligible consumer benefit projects. As required by the statute, DEP has [proposed rules](#) to establish guidelines and a priority ranking system that all three agencies will apply in allocating auction proceeds.

For more information on New Jersey's use of RGGI auction proceeds, including program application materials, please see:

- [Clean Energy Solutions Capital Investment \(CESCI\) Loan/Grant Program](#) (EDA)
- [Local Government Greenhouse Gas Reduction Grant Program](#) (DEP)

New York

New York State, through the New York State Energy Research Development Authority, the Department of Environmental Conservation, and the Public Service Commission, has developed an "[Operating Plan](#)" for investing auction proceeds in consumer benefit programs. The Operating Plan directs proceeds to a wide range programs designed to support residential, commercial, industrial energy efficiency; research, development and deployment of clean and renewable technologies; workforce development; capacity building; and educational initiatives.

The RGGI proceeds investment goals are to reduce the cost of complying with the CO₂ Budget Trading Program and advance the State's broad energy goal of moving toward a clean energy economy by reducing GHG emissions in the near-term and establishing the capacity for further reductions in the long-term.

New York already has robust electric energy efficiency (System Benefits Charge and Energy Efficiency Portfolio Standard) and renewable energy programs (Renewable Portfolio Standard). RGGI proceeds will supplement these initiatives while allowing New York to pursue a broader array of GHG reduction opportunities across sectors.

While the majority of funds will be directed at cost-effective near-term reductions, at least 25 percent will address areas that require longer investment horizons. Funds will also be used to leverage additional GHG reductions by establishing the commitments and capacity to curtail GHGs in State, regional, municipal, and other government institutions. A number of initiatives that can help reduce the disproportionate energy cost burdens and harmful environmental impacts on low-income families and environmental justice communities are also included in the portfolio of programs.

This comprehensive strategy is designed to deliver immediate benefits to New York consumers while also guiding New York toward a clean energy economy and positioning the State to pursue the aggressive carbon reduction framework needed to ensure a stable climate.

Rhode Island

Rhode Island, through the Office of Energy Resources in consultation with the Department of Environmental Management and the Energy Efficiency and Resources Management Council, has proposed rules for the distribution of RGGI auction proceeds to consumer benefit programs. The proposed [Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds](#)" (March 2009) directs:

- 60% of proceeds to expand existing, successful, and cost-effective energy efficiency projects and programs supported by the Least Cost Energy Efficiency Utility Account
- 40% of proceeds to support new partnerships, research and financing options that can drive energy efficiency program development and broaden energy savings for Rhode Islanders.

Vermont

Title 30 V.S.A. § 235 directs proceeds from Vermont's sale of RGGI allowances to programs that support whole building heating and process energy efficiency and facilitate appropriate fuel switching. Half of these programs are tailored to benefit low-income residential consumers.

For more information on Vermont's use of auction proceeds, please see:

- [Vermont Heating and Process Fuel Efficiency Programs](#)

Information related to the Public Service Board's authority regarding the auction of allowances and distribution of revenues can be found at:

- [Overview of Authority](#)

Allocation and Spending of the NH Greenhouse Gas Emissions Reduction Fund

After adopting Interim Rules for the administration of the Greenhouse Gas Emissions Reduction Fund (GHGERF), effective 1/1/09, and in anticipation of receipt of the second allowance auction proceeds at the end of March, 2009, the PUC issued the first Request for Proposals for use of the funds on February 23, 2009 (see www.puc.nh.gov/Sustainable%20Energy/RFPs.htm). The RFP was developed in consultation with the state's Energy Efficiency and Sustainable Energy (EESE) Board, created by the legislature in 2008 "to promote and coordinate energy efficiency, demand response, and sustainable energy programs in the state."

The RFP was circulated electronically to a list of more than 300 individuals and organizations known to have an interest in energy policy and programs, including members of the EESE Board; posted on the PUC and Office of Energy and Planning websites; advertised in the Union Leader on February 28, April 1 and April 2; and announced via press release to major media outlets in the state.

The PUC formed a grant review committee to evaluate each of the 84 proposals that were submitted. The team consisted of four members of the PUC - Chairman Thomas Getz, Commissioners Clifton Below and Graham Morrison, and Jack Ruderman, Director, Sustainable Energy Division - plus Eric Steltzer of the Office of Energy and Planning, and Richard Ober of the New Hampshire Charitable Foundation. Mr. Ober also serves as the Chair of the EESE Board.

The proposals were broken down into eight separate categories in order to allow for an "apples to apples" comparison.⁴ The proposals were then individually evaluated by the review committee using a list of thirteen criteria specified in the PUC administrative rules for the Greenhouse Gas Emissions Reduction Fund (Chapter 2600, www.puc.nh.gov/Regulatory/Rules/PUC2600.pdf). The committee then met as a group on a regular basis to identify the strongest proposals within each category, and to assign an overall letter grade to each proposal based on the consensus of the group.

The committee selected a total of thirty proposals to fund. The first nine were approved at the July 15 Governor and Council meeting. Seven awards were presented at the August 19 Governor and Council meeting; seven were presented on September 23rd, and the final seven are being presented at the October 21st Governor & Council meeting. In all, the thirty grant awards total \$17,661,335. In addition the legislature had previously allocated \$1.2 million for accelerated and expanded low-income weatherization services through the passage of Chapter 392:3, Laws of 2008 (HB 1653) for a total of \$18,861,335 in allocations for the first year of the fund.

The grant funds were announced in two phases:

- Phase One grant awards were foundational in nature and fell within four broad categories: Job Development, Monitoring and Measurement, Outreach and Education, and Revolving Loan Fund.
- Phase Two selections primarily fund energy efficiency measures for buildings in the Public, Non-Profit, and Commercial sectors, as well as a Revolving Loan Fund for municipalities, and several Multiple Objective programs including a substantial expansion of the CORE Efficiency Programs.

⁴ The eight categories were: job development, monitoring and measurement, multi-objective, outreach and education, revolving loan fund, public entity, commercial entity, and non-profit/educational entity.

Nineteen of the grants are multi-year awards (extending into 2010) and future funding is contingent upon receipt of future auction proceeds into the GHGERF. Funding allocation decisions were not finalized until after the passage of HB 395 (Chapter 236:2, Laws of 2009) that added to RSA 125-O:23, the following new section:

VIII. The commission may enter into agreements for the implementation of programs under this section that are contingent, in whole or in part, on future proceeds from budget allowance auctions held within 12 months of the date such agreements become effective.

Actual and projected revenue and allocations of the GHGERF are detailed below.

Summary of Actual and Projected Revenue and Allocations from the GHGERF from 1/09 Inception through CY 2010			
Description	Revenue	Allocations	Balance
Revenue from first four auctions (12/08, 3/09, 6/09, 9/09)	\$15,250,315		
Expanded weatherization services, OEP, Chap. 392:3, '08		\$1,200,000	
FY09 DES administrative cost (including RGGI, Inc. dues)		\$139,539	
FY 2009 PUC administrative costs		\$43,100	\$15,207,215
30 grant allocations from 2/23/09 RFP		\$17,661,335	(\$2,454,120)
FY10 administrative appropriations (PUC, DES & RGGI, Inc.)		\$651,681	(\$3,105,801)
Projected Minimum Auction Revenue, December, 2009	\$2,374,216		(\$731,585)
Projected Minimum Auction Revenue, March, 2010	\$2,765,842		\$2,034,257
Projected Minimum Auction Revenue, June, 2010	\$2,765,842		\$4,800,099
Projected Minimum Auction Revenue, September, 2010	\$2,765,842		\$7,565,941
Projected Minimum Auction Revenue, December, 2010	\$2,765,842		\$10,331,783
Possible grant allocations from a CY 2010 RFP		\$10,000,000	\$331,783

RSA 12-O:23, III and Puc 2603.01 provide that at least 10% of the moneys allocated from the GHGERF shall be used to assist low-income residential customers to reduce total energy use including heating fuels and to foster the development and retrofitting of highly efficient and affordable housing. As noticed in the RFP, the Commission determined that the \$1.2 million appropriated by Chapter 392:3, Laws of 2008, for weatherization of low-income residential housing would count towards this minimum requirement. Following is a summary showing that more 10% of funds allocated in this first year of funding are to assist low-income residential customers increase the energy efficiency of their housing.

ALLOCATIONS SERVING LOW INCOME RESIDENTS	
Description	Amount
Expanded low income weatherization services, including Stay Warm NH program, OEP, Chapter 392:3, 2008	\$1,200,000
RGGI Expansion of CORE Utility EE programs, Low Income Home Energy Assistance program multi-fuel expansion	\$1,100,702
Crotched Mountain Rehabilitation Center, Bromley Residential Building heating system efficiency upgrade, 46% low-income	\$81,204
TOTAL ALLOCATIONS FOR LOW INCOME PROGRAMS	\$2,381,906
TOTAL ALLOCATIONS FOR ALL PROGRAMS	\$18,861,335
% Allocation to Low Income Programs for First Year of Fund	12.6%

Chapter 86:4, Laws of 2009 (HB 229) provided that the “expiration date of the New Hampshire Code of Administrative Rules Puc 2600 is hereby extended from June 30, 2009 to December 31, 2009 or such earlier date that final rules may be adopted.” On September 4 the Commission adopted an initial proposal for regular rules for the GHGERF in Docket No. DRM 08-127. The initial proposal can be found at www.puc.nh.gov/Regulatory/proposedrules.htm. A public hearing is scheduled for October 21, 2009 at 2:00 pm at the PUC offices with a deadline for submission of comments in writing or via e-mail of October 27, 2009.

Attached to this report is a single page sheet entitled “Preliminary Estimated GHG Emissions Reductions from the GHGERF, 2009 Program Allocations” that supplements the brief summaries of the 30 programs and projects allocated funds to date (excluding the \$1.2 million for low-income weatherization appropriated to OEP by the legislature).

Phase One Projects

1. Construction Institute of New Hampshire

\$178,169

CINH is the education arm of the Home Builders and Remodelers Association of New Hampshire. It is a) providing training to building professionals so they can design, build and remodel New Hampshire homes to meet the National Green Building Standard thereby significantly reducing energy consumption and greenhouse gas emissions; and b) educating homeowners, buyers and occupants, as well as municipalities and the real estate, appraisal and banking industries, about the benefits of homes built to green standards.

2. Dept. of Resources and Economic Development, State of NH

\$174,000

DRED is partnering with the Lakes Region Community College (LRCC) to develop a new training program to help develop a skilled labor force for energy efficiency improvements to buildings. LRCC will offer classes at its campus and at 5 other community colleges (or other locations around the state) for a Building Analyst course. Graduates of the program will be certified energy auditors. LRCC will also conduct “train the trainer” sessions to increase the instructor pool in New Hampshire, and will establish internships for newly trained workers.

3. NH Business Finance Authority

\$2,000,000

BFA is establishing a revolving loan fund to help businesses finance energy efficiency improvements. The program will have two different lending models, a low or no interest loan program for non-profit businesses and a lower interest program for for-profits. Loan repayments will be recycled and used to help additional businesses finance their energy improvements. The revolving loan fund will be a collaborative effort with the Department of Resource and Economic Development’s Business Resource Center. BFA is seeking a total of \$10 million to fully capitalize the loan fund.

4. Plymouth Area Renewable Energy Initiative

\$99,250

Plymouth Area Renewable Energy Initiative (PAREI) is expanding its successful “Energy Raiser” programs to provide homeowners with the technical information and volunteer support to install solar hot water systems and to weatherize homes. Ten homes will be weatherized and ten will have solar hot water systems installed. Five will receive refrigerator replacements. PAREI operates in Plymouth and ten other towns; the expansion of this program will enable PAREI to bring its programs to at least three additional communities.

5. Retail Merchants Association

\$1,372,028

RMA and its partners, which include the Jordan Institute, the Dupont Group, White Birch Communications, and Ocean Bank, is creating an energy efficiency program for RMA members and other similarly situated businesses. The program will consist of outreach and public education, energy audits, demonstration projects to retrofit buildings with energy-saving measures and technologies, financing packages and other forms of assistance. This multi-pronged approach will help businesses significantly

reduce the use of fuel oil and other energy sources, thereby reducing the state's greenhouse gas emissions. The program has a five year work plan; this grant will fund the first year of activity.

6. Southern NH Resource Conservation & Development Area Council \$87,000

The Council will manage the New Hampshire Farm Energy Initiative, which will provide up to 10 workshops on energy efficiency to agricultural business owners and operators. In addition, the initiative will provide comprehensive energy audits to 25 farms, which will serve as demonstration sites for other farmers seeking to reduce energy use and greenhouse gas emissions.

7. TRC, Inc. \$499,948

TRC is launching a benchmarking initiative to measure the energy performance of 250 public K-12 schools. Schools will receive a report describing energy use, costs and emissions for each building. The report will also provide recommendations for immediate strategies to reduce energy use and links to utility efficiency programs and other efficiency-related initiatives and funding sources. Schools that wish to pursue detailed energy audits will be provided with referrals.

8. UNH – Carbon Challenge \$813,402

The New Hampshire Carbon Challenge, a joint initiative of the University of New Hampshire and Clean Air - Cool Planet, is partnering with the New Hampshire Sustainable Energy Association to develop a residential energy portal (website) as a central source of sound information on energy efficiency programs, sustainable energy technologies, and available resources. A new suite of web-based tools will be created by these partners in conjunction with an advisory panel of NH stakeholders and residents. The Carbon Challenge will significantly expand its outreach efforts to provide residents and communities with the information, tools and support necessary for households to make substantial reductions in their energy consumption and thus greenhouse gas emissions.

9. UNH - Carbon Solutions New England \$139,945

CSNE is tracking, analyzing and reporting on the results of projects funded by the GHGERF. Carbon Solutions New England (CSNE) will independently verify project outcomes and will create a database to track energy savings, greenhouse gas emissions reductions, costs and economic benefits. CSNE will also estimate the state-wide energy efficiency potential and the impacts on the state economy of different types of projects.

Phase Two Projects

Commercial

1. Fraser NH \$470,000

The Fraser paper mill in Gorham is taking advantage of used hot water, hot air and condensate to reduce usage of #6 oil by 729,000 gallons per year through 5 specific projects. Fresh water intake will be reduced by 54 million gallons per year, and greenhouse gas emissions will be reduced by 8,600 metric tons.

2. Propell Energy \$49,885

Propell is installing a high efficiency wood pellet boiler in New England College's Science Building. The pellet boiler will replace an oil-fired system and will provide heat and hot water for the facility. The new heating system will also serve as an educational tool for students.

3. Stonyfield Farm \$148,927

Stonyfield Farm is installing measures that will reduce energy consumption associated with process heat, process cooling, and HVAC systems, resulting in significant reductions in electrical and natural gas use as well as greenhouse gas emissions.

Multiple Objectives

1. Clean Air – Cool Planet **\$400,000**
Clean Air – Cool Planet (CA-CP) is providing 24 to 48 NH towns with baseline energy information, specific recommendations and on-going support necessary to renovate their most inefficient municipal buildings, with a long-term goal of reducing energy use in those buildings by 50%.

2. NH Electric Utilities **\$7,646,020**
National Grid, NH Electric Co-op, PSNH, and Unitil are expanding the CORE Efficiency Programs by increasing the budget for current programs and adding new program elements. New programs include: fuel-neutral weatherization services for multi-family housing; retro-commissioning for large businesses; no interest loans for efficiency measures through fixed monthly payments on customer bills; air conditioner and refrigerator recycling programs; and expanded job training programs.

3. North Country Resource Conservation & Development Area Council **\$43,850**
North Country RC & D is conducting outreach to NH communities and organizations seeking to pursue district heat/power biomass systems. Communities will be provided with a “roadmap” to help them move from planning to implementation.

Non-Profit Entities

1. Crotched Mountain Rehabilitation Facility **\$176,531**
Crotched Mountain, located in Greenfield, is upgrading the heating distribution and control system of a building whose occupants are largely low-income. An oil-fired heating system will be supplanted by connecting the building to a central biomass district heating system.

***2. Dartmouth College** **\$330,936**
Dartmouth is implementing a Campus Energy and Sustainability Management system to achieve reductions in greenhouse gas emissions through improved building energy performance, campus smart-grid technology, and innovative energy feedback systems.

3. Enfield Shaker Museum **\$51,354**
The Great Stone Dwelling is being retrofitted with insulation, ventilation controls, a heat recovery system, compact fluorescent light bulbs, and energy star appliances. The Museum will also create an educational exhibit on saving energy and reducing greenhouse gas emissions.

***4. NH Institute of Art (Manchester)** **\$146,060**
A renovated historic building and an addition will be transformed into high performance buildings through the use of innovative measures including a geothermal heating and cooling system, premium building envelope measures, and a vegetated roof.

Municipal Projects

***1. Town of Fremont** **\$8,000**
The Fremont Safety Complex is being retrofitted by adding insulation to ceiling areas and performing air sealing to eliminate leaks.

2. Town of Gorham **\$26,000**
Gorham is replacing the heating system in the Gorham Fire Station by installing a high-efficiency oil furnace and a wood pellet boiler.

3. Town of Hancock

\$8,500

Hancock is performing energy audits in each of the town's eight municipal buildings in order to identify ways to improve energy efficiency, lower heating fuel use, reduce electricity used for cooling and other uses, and improve occupant comfort.

4. Town of Jaffrey

\$16,250

Jaffrey is performing energy audits in each of the town's sixteen municipal buildings to identify opportunities for energy savings and reductions in greenhouse gas emissions.

5. LighTec, Inc.

\$316,000

LighTec, an energy services provider, is installing high efficiency lighting systems in sixteen schools and town buildings across the state.

***6. City of Rochester**

\$394,000

To reduce energy demand at the city's Wastewater Treatment Facility, Rochester is upgrading the aeration system by replacing a constant speed blower with a single stage centrifugal type blower.

7. SAU 46/Merrimack Valley School District

\$83,685

SAU 46 is connecting its office building to an existing, central biomass plant that is already providing heat to three nearby schools, and will upgrade lighting fixtures, compressors, air handlers and controls to reduce the use of electricity and natural gas.

***8. Town of Temple**

\$332,100

Temple is performing comprehensive, energy-saving retrofits of the Municipal Building and the Mansfield Library, create an energy conservation outreach and education program for homeowners, offer a free home winterization program for low-income residents, implement changes to the town's land use policies to reduce energy use, and establish a pilot recycling program in an elementary school.

***9. TriVillage Energy Committee, Town of Walpole**

\$138,345

Walpole is performing comprehensive, energy-saving retrofits of the Walpole Town Hall and the North Walpole Municipal Building. Measures will include air sealing, new insulation, refurbishment of windows and installation of storm windows, door replacements and retrofits, and HVAC upgrades.

***10. Town of Warner**

\$11,150

Warner is performing energy audits of 13 town buildings. The audits are the first step in an ambitious program developed by the town energy committee. The town's goal is to maximize the efficiency of these buildings consistent with the *New Hampshire Climate Change Action Plan*.

Revolving Loan Fund for Municipalities

1. NH Community Development Finance Authority

\$1,500,000

CDFA is establishing a revolving loan fund to finance energy improvements in municipal buildings that will reduce energy usage, energy costs, and greenhouse gas emissions. CDFA will seek additional sources of funding to capitalize the fund at \$5 million.

* Project selected for funding, to be submitted for approval on October 21, 2009.

Proposed Federal CO₂ Cap and Trade Program Impacts

RGGI is the first cap and trade program for greenhouse gases in the United States, and offers valuable experience for a strong national program to address climate change. The states set out to establish a program that could serve as a working model for national legislation and RGGI has done that. Key design aspects of RGGI, such as allowance auctions, are influencing the federal discussion, and lessons learned from RGGI will strengthen the federal program. Key RGGI state legislators are proponents of two prominent pieces of climate legislation targeted at economy wide reductions of carbon dioxide:

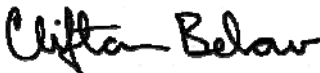
- HR 2454, the American Clean Energy and Security Act ("ACES", also commonly referred to as the Waxman-Markey bill) passed in the House of Representatives in August 2009
- The Clean Energy Jobs and American Power Act (the Boxer-Kerry bill) recently introduced in the Senate.

Summaries of these bills can be found at: www.env-ne.org/resources/open/p/id/885/resource/ENE%20ACES%20Summary, <http://kerry.senate.gov/cleanenergyjobsandamericanpower/pdf/Summary.pdf>, and www.hillheat.com/articles/2009/10/01/text-of-kerry-boxer-clean-energy-jobs-and-american-power-act-the-senates-cap-and-trade-climate-legislation. Both bills would preempt RGGI upon enactment of the federal program (presumed to be 2012) and would compensate holders of RGGI allowances with a like value of federal allowances. Some allowances are reserved for distribution to states and a federal auction of undistributed allowances will be conducted. States are anticipated to receive a stream of auction revenues equal or greater to that currently received under RGGI. One summary of what NH might expect from the Waxman-Markey ACES bill can be found at <http://www.env-ne.org/resources/open/p/id/925> and is attached. RGGI state Governors have been active in reaching out to the region's Congressional delegation to express RGGI state concerns as is illustrated by the attached letter of October 8, 2009 to Senators Boxer and Kerry. DES, the PUC, and the Governors office will continue to monitor federal legislative efforts in association with national and regional organizations including RGGI, NESCAUM, NARUC, and the New England Governor's Conference.

Thank you for your attention in this matter. Should you have any questions or need further information regarding the issues discussed in this report please feel free to contact us (robert.scott@des.nh.gov, 271-1088, or Clifton Below at 271-2431) or Michael Fitzgerald, Administrator, Technical Services Bureau (271-6390, michael.fitzgerald@des.nh.gov).

Sincerely,


Robert R. Scott
Director, Air Resources Division, NHDES


Clifton C. Below
Commissioner, NHPUC

Attachments:

[RGGI Fact Sheet](#) (4 pp.)

[Market Monitor Report for Auction 5](#) (22 pp.)

[Report on the Secondary Market for RGGI CO₂ Allowances](#) (12 pp.)

Preliminary Estimated GHG Emissions Reductions from the GHGERF, 2009 Program Allocations (1 p.)

[New Hampshire Energy Efficiency Funding/Allocations in ACES, July 2009, ENE](#) (1 p.)

Letter of 10/8/09 from RGGI State Governors to Senators Boxer and Kerry (2 pp.)

cc: HB 1434 (2008) Sponsors
DES Commissioner Thomas S. Burack
Public Utilities Commission Chairman Thomas B. Getz
Air Resources Council

**Preliminary Estimated GHG Emissions Reductions from the Greenhouse Gas Emissions Reduction Fund,
2009 Program Allocations**

GHGERF GRANT AWARDS		Average Projected Results Derived from Applications				
Vendor Name	Total Grant Award	Total GHG Emissions Reductions metric tons	Total Project Cost	Total cost/ton reduced	Grant investment per ton	Notes
approved projects						
Home Builders & Remodelers Assn of NH	\$ 178,169.00	0.00	\$ -	\$ -	\$ -	not applicable
DRED - Division of Economic Development	\$ 174,000.00	9,393.00	\$ 174,000.00	\$ 18.52	\$ 18.52	3471MT/yr * 10 years
TRC Companies	\$ 499,948.00	0.00	\$ -			not applicable
UNH - 32H!A1	\$ 813,402.00	120,800.00	\$ 813,402.00	\$ 6.73	\$ 6.73	12080MT/yr * 10 yrs
So NH Conservation & Development Area Council	\$ 87,000.00	554,990.00	\$ 98,263.00	\$ 0.18	\$ 0.16	12080 metric tons/yr by 2011 for 10 yrs
Retail Merchants Assn of NH	\$ 1,372,028.00	0.00	\$ -	\$ -	\$ -	not determined
UNH - 32I!A1	\$ 139,945.00	0.00	\$ -		\$ -	not applicable
Plymouth Area Renewable Energy Initiative	\$ 99,250.00	763.13	\$ 149,200.00	\$ 195.51	\$ 130.06	1682391/2204.6
Business Finance Authority of NH	\$ 2,000,000.00	45,225.00	\$ 7,700,000.00	\$ 170.26	\$ 44.22	given in the proposal
Clean Air Cool Planet!A1	\$ 400,000.00	5,450.00	\$ 515,817.00	\$ 94.65	\$ 73.39	545 1st yr *10 yr
Crotched Mtn Rehabilitation Ctr!A1	\$ 176,531.00	5,045.20	\$ 274,821.00	\$ 54.47	\$ 34.99	given in the proposal
FRASER NH LLC!A1	\$ 470,000.00	86,000.00	\$ 470,000.00	\$ 5.47	\$ 5.47	given in the proposal
MERRIMACK VALLEY SCHOOL DISTRIC!A1	\$ 83,685.00	397.40	\$ 90,045.00	\$ 226.59	\$ 210.58	43805#/yr*20yrs/2204.6
TOWN of GORHAM!A1	\$ 26,000.00	589.31	\$ 46,664.50	\$ 79.18	\$ 44.12	(64960 #/yr *20 yrs)/2204.6
LighTec, Inc	\$ 316,000.00	9,888.00	\$ 1,501,255.00	\$ 151.83	\$ 31.96	824 MT/yr * 12
PSNH!A1	\$ 7,646,020.00	104,666.00	\$ 7,882,336.00	\$ 75.31	\$ 73.05	given in the proposal
	\$ 14,481,978.00					
Chosen Vale, Inc. dba Enfield Shaker Museum	\$ 51,354.00	627.31	\$ 75,332.00	\$ 120.09	\$ 81.86	69148#/yr *20 yrs/2204.6
NH Community Development Finance Authority (CDFA)	\$ 1,500,000.00	1,156.91	\$ 3,000,000.00	\$ 2,593.12	\$ 1,296.56	255052#/2204.6* 5 yrs
North Country Resource Conservation & Development Area Council, Inc	\$ 43,850.00	957,540.00	\$ 50,450.00	\$ 0.05	\$ 0.05	47877 MT/yr *20 yrs (I used their numbers but I think they are high)
Propell Energy	\$ 49,885.00	3,690.00	\$ 199,543.00	\$ 54.08	\$ 13.52	246MT/yr * 15 yrs
Stonyfield Farm, Inc	\$ 148,927.00	5,226.00	\$ 490,625.00	\$ 93.88	\$ 28.50	given in the proposal
Town of Hancock	\$ 8,500.00	474.14	\$ 9,000.00	\$ 18.98	\$ 17.93	(104530 #/yr*10 yrs)/2204.6
Town of Jaffrey	\$ 16,250.00	0.00	\$ -			not determined
	\$ 1,818,766.00					
<u>Projects pending G&C approval</u>						
Town of Walpole Tri Village	\$ 138,345.00	383.35	\$ 145,345.00	\$ 379.14	\$ 360.88	(42257 #/ yr * 20 yrs) / 2204.6
Town of Warner	\$ 11,150.00	528.35	\$ 11,150.00	\$ 21.10	\$ 21.10	1164800/2204.6
Town of Temple	\$ 332,100.00	2,420.00	\$ 333,100.00	\$ 137.64	\$ 137.23	242 MT/yr for 10 yrs
Town of Freemont	\$ 8,000.00	70.26	\$ 14,711.00	\$ 209.38	\$ 113.86	20 yr reduction in # 114135 - 195660
New Hampshire Institute of Art	\$ 146,060.00	2,384.92	\$ 621,724.00	\$ 260.69	\$ 61.24	(105156 #/yr/2204.6) * 50 yrs
Dartmouth College	\$ 330,936.00	115,060.00	\$ 1,103,120.00	\$ 9.59	\$ 2.88	11506MT/yr for 10 yrs
City of Rochester	\$ 394,000.00	4,653.90	\$ 394,000.00	\$ 84.66	\$ 84.66	513000#/yr *20 yr
	\$ 1,360,591.00					
TOTALS	\$ 17,661,335.00	2,037,422.18	\$ 26,163,903.50	\$ 12.84	\$ 8.67	



October 8, 2009

The Honorable Barbara Boxer
Chairwoman
Committee on Environment and Public Works
U.S. Senate
Washington, D.C. 20510

The Honorable John Kerry
Chairman
Committee on Foreign Relations
U.S. Senate
Washington, D.C. 20510

Dear Chairwoman Boxer and Chairman Kerry:

As Governors of Regional Greenhouse Gas Initiative (RGGI) states, we write to offer our strong support for passing climate change legislation in the U.S. Senate. We are unified in our belief that the time to move forward with a comprehensive approach to America's energy and climate challenge is now, and we wish you well in your efforts to do so. In that context, we would like to share our views on two important matters.

Our experience in launching the country's first mandatory carbon dioxide emissions cap-and-trade program has taught us that reinvestment of allowance auction revenues into energy efficiency, clean energy technologies and consumer benefit programs can reduce emissions immediately and accelerate the growth of clean energy jobs. This year, RGGI states expect to collectively invest over \$450 million from RGGI auction revenues into the clean energy sector. As we transition to a national cap-and-trade program, it is important for states to maintain this momentum in reducing emissions and building a clean energy economy.

While there has been debate on the need for a moratorium on state cap-and-trade programs, we do request that any federal legislation that includes a moratorium on regional cap-and-trade initiatives be accompanied by a mechanism to provide RGGI states with resources to continue to fund state clean energy programs currently supported by our RGGI proceeds. Any moratorium on our RGGI program should not become effective until a federal cap and trade system is operational and producing funds for state clean energy programs. We are supportive of the Waxman-Markey framework, which supports state clean energy efforts through the State Energy and Environment Development (SEED) fund. However, we have serious concerns about the significant drop-off of revenue for SEED after 2015. We urge that initial funding levels be maintained to at least compensate our states for any loss in cap and trade revenues that may occur, and so that all states can establish and build robust energy efficiency and climate related initiatives to combat climate change.

Additionally, we urge that any new federal policy on transmission maintain a level playing field for regional efforts to boost renewable generation in our states. The proposal from the Senate Energy and Natural Resources Committee would provide wind energy facilities in remote locations in the Great Plains with an unfair market advantage in the form of free transmission over thousands of miles. Offshore and onshore wind and other regional renewable energy projects, which have higher construction costs but lower transmission costs because they are much closer to load centers, would be put at a competitive disadvantage. Furthermore, wind resources can be integrated into the grid with much less risk to reliability if they are geographically dispersed - especially if the portfolio of wind resources includes offshore wind located close to Northeast and Mid-Atlantic load centers. Finally, transmission lines intended to bring Great Plains wind to East Coast load centers could also spur expanded use of existing coal-fired plants and the development of new ones along the route of the lines, increasing greenhouse gas emissions for decades to come. We are supportive of the Waxman-Markey framework on transmission, which maintains regional decision making on transmission for the East Coast.

Thank you very much for your leadership and public service. We stand ready and united to work with you to pass historic climate change legislation this fall.

Sincerely,



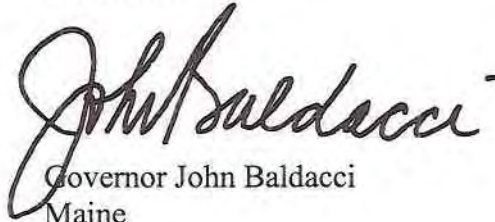
Governor Deval Patrick
Massachusetts



Governor M. Jodi Rell
Connecticut



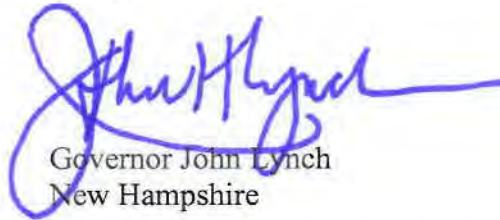
Governor Jack Markell
Delaware



Governor John Baldacci
Maine



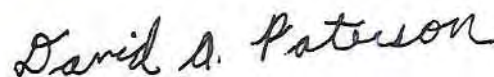
Governor Martin O'Malley
Maryland



Governor John Lynch
New Hampshire



Governor Jon Corzine
New Jersey



Governor David A. Paterson
New York



Governor James H. Douglas
Vermont