

SB 424-FN - AS INTRODUCED

2022 SESSION

22-2878
12/05

SENATE BILL **424-FN**

AN ACT relative to renewable energy and natural gas.

SPONSORS: Sen. Bradley, Dist 3; Sen. Watters, Dist 4; Sen. Avar, Dist 12; Sen. Sherman, Dist 24;
Sen. Giuda, Dist 2; Rep. Somssich, Rock. 27; Rep. Vose, Rock. 9; Rep. Deshaies,
Carr. 6

COMMITTEE: Energy and Natural Resources

ANALYSIS

This bill authorizes the recovery of costs related to a utility's procurement of natural gas, and other qualified investments, upon approval of the public utilities commission.

Explanation: Matter added to current law appears in **bold italics**.
Matter removed from current law appears ~~[in brackets and struck through]~~.
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.
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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Two

AN ACT relative to renewable energy and natural gas.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Legislative Findings and Purpose.

I. Renewable natural gas provides benefits to gas utility customers and to the public.

II. The development of renewable natural gas resources is consistent with and supports the objectives of the New Hampshire energy policy as stated in RSA 378:37.

III. The purpose of this act is to encourage the procurement of renewable natural gas and investment in renewable natural gas infrastructure by gas utilities, provided that the public utilities commission finds utility proposals to be in the public interest.

IV. The general court therefore declares that:

(a) Gas utilities may procure renewable natural gas and invest in renewable natural gas infrastructure;

(b) Any regulation of the procurement of renewable natural gas and investments in renewable natural gas infrastructure should be consistent with the purposes of this act; and

(c) The commission may approve recovery of prudently incurred costs related to procuring renewable natural gas and recovery of and return on qualified investments in renewable natural gas infrastructure by a gas utility.

2 New Chapter; Procurement of Renewable Natural Gas. Amend RSA by inserting after chapter 362-H the following new chapter:

CHAPTER 362-I
PROCUREMENT OF RENEWABLE NATURAL GAS

362-I:1 Definitions. In this chapter:

I. "Biogas" means a mixture of carbon dioxide and hydrocarbons, primarily methane gas, released from the biological decomposition of organic materials.

II. "Biomass gasification" is a technology that uses a controlled process involving heat, steam, and oxygen to convert biomass to hydrogen and other products, including methane, without combustion.

III. "Carbon offsets" means carbon emissions or other greenhouse gas (GHG) emissions measured in metric tons that are avoided through the development of projects that reduce GHG emissions that would not have been developed otherwise.

IV. "Carbon oxides" means a class of organic compounds containing only carbon and oxygen, including carbon monoxide and carbon dioxide.

V. "Commission" means the New Hampshire public utilities commission.

VI. "Environmental attribute" means any credits, benefits, offsets or allowances, or words of similar import or regulatory effect, including allowances under all applicable trading, compliance, or budget programs, or any other federal, state, or regional emission, renewable energy, or energy conservation trading or budget program associated with renewable natural gas.

VII. "Gas utility" means a public utility providing gas service to customers under RSA 362:2.

VIII. "Incremental cost" means any value received by a gas utility upon the resale of renewable natural gas, including any environmental attributes associated with the renewable natural gas, and any savings achieved through avoidance of conventional gas purchases or development, such as avoided pipeline costs or carbon emission reduction costs, through avoidance of capacity costs or avoidance of any other costs to be realized from the procurement of renewable natural gas or qualified investment.

IX. "Qualified investment" means any capital investment in renewable natural gas infrastructure incurred by a gas utility for the purpose of providing gas service under this chapter.

X. "Renewable energy" means hydroelectric, geothermal, solar, wind, tidal, wave, biomass, and biogas energy.

XI. "Renewable natural gas" or "RNG" means any of the following products processed to meet pipeline quality standards or transportation fuel grade requirements, which may include environmental attributes derived from renewable natural gas or carbon offset products:

(a) Biogas that is upgraded to meet natural gas pipeline quality standards such that it may blend with, or substitute for, geologic natural gas;

(b) Fuel produced by biomass gasification processes;

(c) Hydrogen gas derived from clean energy; or

(d) Methane gas derived from any combination of biogas, hydrogen gas or carbon oxides derived from renewable energy, or waste carbon dioxide.

XII. "Renewable natural gas infrastructure" means all equipment and facilities necessary for the production, processing, transportation, pipeline interconnection, measurement, monitoring, and distribution of renewable natural gas to be furnished to New Hampshire customers by a gas utility.

362-I:2 Procurement of Renewable Natural Gas and Investment in Renewable Natural Gas Infrastructure by Gas Utilities.

I. The commission may approve, upon the filing of a petition by a gas utility, recovery of costs related to utility procurement of renewable natural gas and any qualified investment, including the use of an associated cost recovery mechanism, if the commission determines that it is in the public interest to do so after notice and hearing pursuant to RSA 541-A.

II. In any given year, renewable natural gas shall not exceed 5 percent of a gas utility's total gas volume delivered.

III. Determination of the public interest under this section shall include consideration of, and each utility filing pursuant to this chapter shall include a detailed description of, the following:

(a) The benefits of the proposal to the utility customers and the state, including but not limited to the monetary value and non-monetary benefits of the proposal, such as the value of any environmental attributes or carbon offsets, relative to the incremental cost to gas utility customers necessary to achieve those benefits.

(b) Whether the cost of the renewable natural gas delivered to customers is consistent with, and not unreasonably higher than, the delivered cost of renewable natural gas in New England from comparable commercial transactions or projects.

(c) The extent to which the proposal advances the objectives of the energy policy of the state under RSA 378:37, the state's 10-year energy strategy, or other state policy, including enhancing consumer choice and improving gas system resiliency through diversification of supply options.

IV. A gas utility shall not file a petition pursuant to this chapter within 12 months of the effective date of an order by the commission approving the gas utility's most recent petition.

V. Upon the approval of a petition filed pursuant to this chapter, the commission may conduct a proceeding to evaluate the gas utility's portfolio of renewable natural gas procurements and investments, and may set the gas utility's renewable natural gas volumetric limit at a level greater than 5 percent if the commission determines:

(a) The criteria of the public interest standard set forth in this chapter continues to be met.

(b) The state of the market for renewable natural gas supports expansion of utility RNG offerings.

(c) Total bill impacts to the gas utility's customers would not exceed an increase of 3 percent annually

VI. Nothing in this section shall require a gas utility to initiate a proceeding with the commission pursuant to this section.

3 Rates and Charges; Low Cost Energy Planning. Amend RSA 378:39, II to read as follows:

II. Renewable energy sources, ***including renewable natural gas as defined in RSA 362-I***;

4 Effective Date. This act shall take effect upon its passage.

LBA

22-2878

Redraft 12/28/21

**SB 424-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to renewable energy and natural gas.

FISCAL IMPACT:

Due to time constraints, the Office of Legislative Budget Assistant is unable to provide a fiscal note for this bill, **as introduced**, at this time. The Department of Energy was contacted for a fiscal note worksheet initially on 12/02/2021. When completed, the fiscal note will be forwarded to the Senate Clerk's Office.

AGENCIES CONTACTED:

Department of Energy