

HB 519-FN – AS AMENDED BY THE HOUSE

23Feb2011... 0324h

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2011 SESSION

11-0475

09/10

HOUSE BILL ***519-FN***

AN ACT repealing New Hampshire's regional greenhouse gas initiative cap and trade program for controlling carbon dioxide emissions.

SPONSORS: Rep. R. Barry, Hills 19; Rep. Kurk, Hills 7; Rep. Mirski, Graf 10; Rep. Manuse, Rock 5; Rep. L. Vita, Straf 3; Sen. Forsythe, Dist 4; Sen. De Blois, Dist 18; Sen. White, Dist 9

COMMITTEE: Science, Technology and Energy

AMENDED ANALYSIS

This bill repeals New Hampshire's regional greenhouse gas initiative cap and trade program for controlling carbon dioxide emissions. This bill also clarifies how the moneys in the greenhouse gas emissions reduction fund may be used.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 Eleven

AN ACT repealing New Hampshire's regional greenhouse gas initiative cap and trade program for controlling carbon dioxide emissions.

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

1 Powers and Duties of Commissioner; Reference Deleted. Amend RSA 125-O:6, I to read as follows:

I. Develop a trading and banking program to provide appropriate compliance flexibility in meeting the emission caps established under RSA 125-O:3, III ~~[and allowance requirements of RSA 125-O:21 and RSA 125-O:22]~~, and to encourage earlier and greater emissions reductions and the development of new emission control technologies in order to maximize the cost-effectiveness with which the environmental benefits of this chapter are achieved.

2 Rulemaking Authority. Amend RSA 125-O:8 to read as follows:

125-O:8 Rulemaking Authority.

~~[I.]~~ The commissioner shall adopt rules under RSA 541-A, commencing no later than 180 days after the effective date of this section, relative to:

~~[(a)]~~ **I.** The establishment of trading and banking programs as authorized by RSA 125-O:6, I.

~~[(b)]~~ **II.** The establishment of a method for allocating allowances and other emissions reduction units or mechanisms as authorized by RSA 125-O:3, II and III.

~~[(e)]~~ **III.** Emissions ~~[and allowance]~~ monitoring, ~~[tracking,]~~ recordkeeping, reporting, and other such actions as may be necessary to verify compliance with this chapter.

~~[(d)]~~ ~~The method and requirements for auctioning budget allowances under RSA 125-O:21, which may use regional organizations.~~

~~(e) Defining eligible projects for early reduction allowances under RSA 125-O:21, IV, and establishing criteria to quantify and grant such allowances.~~

~~(f) Defining eligible projects for offset allowances under RSA 125-O:21, V, and establishing criteria to quantify and grant such allowances, including the accreditation of third-party verifiers.~~

~~(g) The forms and information required on applications for a temporary or operating permit required under RSA 125-O:22.~~

~~II. The public utilities commission shall adopt rules, under RSA 541-A, to administer the greenhouse gas emissions reduction fund pursuant to RSA 125-O:23.]~~

3 Compliance Dates. Amend RSA 125-O:9 to read as follows:

125-O:9 Compliance Dates. The owner or operator of each affected source shall comply with the provisions of this chapter, excluding the subdivision on mercury emissions, RSA 125-O:11 through 125-O:18, ~~[and the subdivision for CO2 emissions, RSA 125-O:19 through RSA 125-O:28,]~~ by December 31, 2006.

4 Non-Severability. Amend RSA 125-O:10 to read as follows:

125-O:10 Non-Severability. No provision of ~~[RSA 125-O:1 through RSA 125-O:18 of]~~ this chapter shall be implemented in a manner inconsistent with the integrated, multi-pollutant strategy ~~[or RSA 125-O:1 through RSA 125-O:18]~~ of this chapter, and to this end, the provisions of ~~[RSA 125-O:1 through RSA 125-O:18 of]~~ this chapter are not severable.

5 Compliance. The repeal of the regional greenhouse gas initiative program on January 1, 2012 under this act shall not affect each affected CO2 source's obligation to satisfy the program's requirements for the compliance period ending December 31, 2011, including those contained in adopted rules. All means of enforcement shall remain in place for these requirements, including the provisions of RSA 125-O:7 and any permit issued or modified by the department of environmental services in accordance with RSA 125-O:22, IV.

6 Use of Funds. Notwithstanding the provisions of RSA 125-O:23, all moneys in the greenhouse gas emissions reduction fund as of July 1, 2011, and all subsequent moneys deposited into the fund, shall be allocated by the commission as an additional source of funding to electric distribution companies for CORE energy efficiency programs that are funded by system benefits charges.

7 Repeal. The following are repealed:

I. RSA 6:12, I(b)(272), relative to moneys deposited in the greenhouse gas emissions reduction fund.

II. RSA 125-O:3, III(d), relative to carbon dioxide cap.

III. RSA 125-O:19 through 125-O:28, relative to the regional greenhouse gas initiative.

8 Effective Date.

I. Sections 1-4 and paragraphs II and III of section 7 shall take effect January 1, 2012.

II. Sections 5 and 6 of this act shall take effect upon its passage.

III. Paragraph I of section 7 of this act shall take effect January 1, 2013.

LBAO

11-0475

Amended 03/04/11

HB 519 FISCAL NOTE

AN ACT repealing New Hampshire's regional greenhouse gas initiative cap and trade program for controlling carbon dioxide emissions.

FISCAL IMPACT:

The Public Utilities Commission and Department of Environmental Services state this bill, **as amended by the House (Amendments #2011-0324h and #2011-0408h)**, will decrease state restricted revenues and expenditures by approximately \$6,155,424 in FY 2012 and by \$16,292,669 in FY 2013 and each year thereafter, and will decrease state expenditures by approximately \$10,500 in FY 2012 and \$21,000 in FY 2013 and each year thereafter. This bill may decrease county and local revenues and expenditures in FY 2012 and each year thereafter.

METHODOLOGY:

The Public Utilities Commission and Department of Environmental Services state this bill repeals the Greenhouse Gas Emissions Reduction Fund (GHGERF) and the Regional Greenhouse Gas Initiative (RGGI) cap and trade program for controlling carbon dioxide emissions. The Commission and the Department state GHGERF is funded by the sale of NH RGGI allowances and is distributed as grants to fund energy efficiency projects for citizens, nonprofits, businesses, and governmental entities. The Commission states RGGI allowances have been trading at or close to the auction floor price for the last two quarters, with some allowances going unsold. The Commission and Department assume only 75 percent of allowances will sell in FY 2012; therefore, if RGGI is repealed state restricted revenues to the GHGERF would be reduced by approximately \$6,155,424 in FY 2012 ($4,342,451$ New Hampshire allowances for FY 2012 * 75 percent = $3,256,838$ * \$1.89 floor price of allowances). State restricted expenditures of GHGERF grants for energy efficiency projects would also be reduced by \$6,155,424. In FY 2013 through FY 2015 the Commission and Department assume all allowances would sell at the auction floor price; therefore, if RGGI is repealed state restricted revenues to the GHGERF would be reduced by approximately \$16,292,669 in FY 2013 and each year thereafter ($8,620,460$ New Hampshire allowances for FY 2013 through FY 2015* \$1.89 floor price of allowances). Additionally, the Commission states this bill requires all monies in the GHGERF as of July 1, 2011 (estimated by the Commission to be \$4,502,243) and any subsequent monies deposited into the fund be allocated by the Commission to electric distribution companies for CORE energy efficiency programs. To the extent state, county, and local entities would apply for and receive GHGERF grants for energy efficiency projects, state, county, and local restricted revenues will be reduced by an indeterminable amount in FY 2012 and each year thereafter.

The Commission and Department assume RGGI will stay in effect throughout the other New England states where generators would continue to purchase RGGI allowances and incorporate that cost into their dispatch bids on the wholesale market. PSNH is the only utility in New Hampshire with a generation facility required to purchase RGGI allowances. If RGGI were repealed the direct cost for PSNH to purchase these allowances will be reduced. Assuming the Department prevails in an appeal currently pending before the Air Resources Board, PSNH has indicated its compliance obligation will be 4 million tons. At \$1.89 per allowance, this will be \$7,560,000 per year ($4,000,000$ * \$1.89), or \$0.0014 per kilowatt hour of default service load in calendar year 2012 and each year thereafter ($\$7,560,000 / 5,400,000,000$ kilowatt hours). The Commission and Department estimate state expenditures may decrease by approximately \$10,500 in FY 2012 and \$21,000 in FY 2013 through FY 2015 (number of default service kilowatt hours purchased by the state annually = $15,000,000$ * \$0.0014), based on information from the Department of Administrative Services. Additionally, to the extent county and local governments are default PSNH customers, county and local expenditures may decrease in FY 2012 and each year thereafter. Because the Commission and Department do not know the kilowatt hours of default PSNH service purchased by county and local governments, the exact fiscal impact cannot be determined at this time.