

HB 219-FN - AS INTRODUCED

2025 SESSION

25-0262

06/09

HOUSE BILL **219-FN**

AN ACT relative to the phasing out of the minimum electric renewable portfolio standard.

SPONSORS: Rep. Harrington, Straf. 18; Rep. Bernardy, Rock. 36; Rep. Notter, Hills. 12; Rep. Summers, Rock. 20; Rep. Vose, Rock. 5

COMMITTEE: Science, Technology and Energy

ANALYSIS

This bill requires the department of energy to implement a phase out of the minimum electric renewable portfolio standard over a 5-year period.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Five

AN ACT relative to the phasing out of the minimum electric renewable portfolio standard.

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

1 1 Renewable Portfolio Standard; Phase Out. Amend the introductory paragraph of RSA 362-F:3
2 to read as follows:

3 362-F:3 Minimum Electric Renewable Portfolio Standards. For each year specified in the table
4 below, ***subject to the phase-out requirements of RSA 362-F:3-b***, each provider of electricity shall
5 obtain and retire certificates sufficient in number and class type to meet or exceed the following
6 percentages of total megawatt-hours of electricity supplied by the provider to its end-use customers
7 that year, except to the extent that the provider makes payments to the renewable energy fund
8 under RSA 362-F:10, II:

9 2 New Section; Phase Out of Electric Renewable Portfolio Minimum Standard. Amend RSA
10 362-F by inserting after section 3-a the following new section:

11 362-F:3-b Phase Out of Minimum Electric Renewable Portfolio Standards. The department of
12 energy shall implement a phase out of the minimum electric renewable portfolio standard
13 requirements under RSA 362-F:3 by 2030. For each year after calendar year 2025, the department
14 shall determine and administer a 20 percent reduction in the minimum percentages for renewable
15 generation in each class from the percentages applicable in 2025. Beginning in 2026, electric
16 utilities may offer default service customers up to 100 percent qualified renewable resource
17 generated power.

18 3 New Paragraph; Department of Energy Review and Report; Phase Out Provisions. Amend
19 RSA 362-F:5 by inserting after paragraph IX the following new paragraph:

20 X. The required changes necessary for phasing out the minimum electric renewable portfolio
21 standards as required by RSA 362-F:3-b.

22 4 Repeal; December 31, 2030. RSA 362-F:3, relative to the minimum electric renewable
23 portfolio standards, is repealed.

24 5 Effective Date.

25 I. Section 4 of this act shall take effect December 31, 2030.

26 II. The remainder of this act shall take effect 60 days after its passage.

**HB 219-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the phasing out of the minimum electric renewable portfolio standard.

FISCAL IMPACT: This bill does not provide funding, nor does it authorize new positions.

Estimated State Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	Decrease of \$1,174,000	Decrease of \$2,348,000	Decrease of \$3,522,000
<i>Revenue Fund(s)</i>	Renewable Energy Fund			
Expenditures*	\$0	Indeterminable Decrease of \$1,000,000 to \$2,500,000	Indeterminable Decrease of \$1,000,000 to \$2,500,000	Indeterminable Decrease, More than \$2,500,000
<i>Funding Source(s)</i>	Renewable Energy Fund, Various Agency Funds			
Appropriations*	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

*Expenditure = Cost of bill

*Appropriation = Authorized funding to cover cost of bill

Estimated Political Subdivision Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
County Revenue	\$0	\$0	\$0	\$0
County Expenditures	\$0	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
Local Revenue	\$0	\$0	\$0	\$0
Local Expenditures	\$0	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease

METHODOLOGY:

This bill requires the Department of Energy to implement a phase out of the minimum electric renewable portfolio standard (RPS) over a 5-year period.

The Department of Energy states the RPS is a requirement that electric distribution companies, competitive suppliers, and community aggregators purchase a certain percentage of the electricity they sell from certain renewable sources. To comply with the RPS, those entities are required to purchase a sufficient number of renewable energy certificates (RECs) to cover their sales of electricity in a given compliance year. If the entities cannot meet their requirement by purchasing enough RECs, they can make alternative compliance payments (ACPs) instead. The

price of RECs is subject to supply and demand and the policy decisions of states in New England that impact supply and demand, while the ACP functions as a price cap. ACPs made are deposited into the Renewable Energy Fund (REF). Due to these variables, it is impossible to project the impact in future years, but for the purpose of this fiscal note, the Department used the most recently completed compliance year (CY 2023) as a basis to make projections.

The Department also assumes compliance with the RPS would continue to be met with both RECs and ACPs throughout the phase out. ACPs are made at a rate equal to, or greater than the market price for RECs. With reduced RPS requirements, it is likely that the compliance cost for ACPs would fall faster than the compliance cost for RECs. Absent other market conditions or changes, the need for RECs would decline, while the supply would remain static. This is not possible for the Department to project, but for the purpose of this fiscal analysis, it is assumed that costs will decrease linearly through out the phase down.

This bill would reduce the percentages of each RPS Class required by 20% of the requirement in 2025. Because the bill would reduce and then eliminate the number of RECs or ACPs required to be in compliance with the RPS, this would impact electricity prices. The cost of compliance with the RPS is passed on by the electric distribution utilities, competitive suppliers, and community aggregators to ratepayers through electricity prices. With a reduction in the requirement, comes a reduction in the compliance costs. However, the exact fiscal impact is difficult to project due to the fluctuating price and availability of RECs based on market conditions.

The Department used Compliance Year 2023 as a base. Total compliance cost for the RPS for that year was \$34,050,000. With a 20% reduction over the 2025 RPS rates, compliance costs would be decreased over the base year by \$6,810,000 each year as follows:

FY 2026:	(\$6,810,000)
FY 2027:	(\$13,620,000)
FY 2028:	(\$20,430,000)
FY 2029:	(\$27,240,000)
FY 2030:	(\$34,050,000)

Note: This is not the State government's cost of compliance; this represents the costs paid by electric suppliers.

Regarding the impact on State revenues it is assumed that with reduced demand and a static supply of RECs that ACP revenue will fall each year and be eliminated by the beginning of Fiscal Year 2030. As noted above, using the base year of Compliance Year 2023, ACP revenue would

fall by \$1,174,000 each year. However, it is unlikely that the reduction in ACP revenue will occur on a linear basis and likely would be fully reduced in the initial years of the phase down.

FY 2026	(\$1,174,000)
FY 2027	(\$2,348,000)
FY 2028	(\$3,522,000)
FY 2029	(\$4,696,000)
FY 2030	(\$5,870,000)

This represents a reduction in the dollar amount of ACPs made to the State by electric suppliers. With the reduction in ACP revenue, state expenditures on programs funded out of the Renewable Energy Fund would also decline by a commensurate amount. With the elimination of the RPS, any rebate or grant program funded by the RPS would be eliminated, and the staff working on those programs, or funded through the REF, such as the Office of Offshore Wind and Energy Innovation, will either be laid off, or potentially reassigned if vacancies exist elsewhere in the agency.

State expenditures would equal the sum of the Renewable Energy Expenditures (which is equal to the reduction in ACP revenue above) plus the decrease in expenditures on electricity. Based on electricity consumption data from the Department of Administrative Services, the state is responsible for roughly 1% of all electricity purchases in New Hampshire and would potentially realize 1% of the total reduction in electricity costs. While a reduction in electricity costs for electricity purchased from the electric distribution utility would be directly passed through to the state, any potential reductions in state expenditures for electricity purchased from a competitive supplier or community aggregator is indeterminable given the lack of visibility into the components that make up the prices offered by those entities. This projection assumes that 100% of the electricity purchased by the state is from an electric distribution utility.

Estimated reduction in state expenditures on electricity:	FY 2026:	(\$68,100)
	FY 2027:	(\$136,200)
	FY 2028:	(\$204,300)
	FY 2029:	(\$272,400)
	FY 2030:	(\$340,500)

County and Local expenditures on electricity would decrease by an indeterminable amount. The Department of Energy does not have access to data for electricity consumption for either the counties or local units of government and therefore cannot make a reasonable estimate as to the impact on county and local expenditures. The bill would have no fiscal impact on county or local revenue.

It is assumed that any fiscal impact would occur after FY 2025.

AGENCIES CONTACTED:

Department of Energy