

Senate Energy and Natural Resources Committee

Max Taylor 271-1403

HB 690-FN, directing the department of energy to investigate the state's withdrawal from ISO-New England and other strategy decisions that impact ratepayers in relation to New England's environmental policy.

Hearing Date: April 8, 2025

Time Opened: 9:40 a.m.

Time Closed: 10:15 a.m.

Members of the Committee Present: Senators Avard, Pearl, McConkey and Watters

Members of the Committee Absent : Senator Rosenwald

Bill Analysis: This bill directs the department of energy to investigate the state's withdrawal from ISO-New England and other strategic decisions affecting ratepayers in relation to New England's environmental policy.

Sponsors:

Rep. Summers

Rep. Spillane

Rep. Bernardy

Rep. Notter

Rep. Harrington

Who supports the bill: Representative James Summers (Rockingham County District 20), Donald Kries (Office of the Consumer Advocate)

Who opposes the bill: Representative Wendy Thomas (Hillsborough County District 12), Representative Timothy Horrigan (Strafford County 10), Rob Werner (League of Conservation Lawyers), Brendan Flaherty (New England Power Generators Association)

Who is neutral on the bill: Chris Ellms (NH Department of Energy), Dan Phellan (NH Department of Energy), Mark Brown

Summary of testimony presented in support:

Representative James Summers

Rockingham County District 20

- Representative Summers introduced HB 690-FN, which directs the Department of Energy to conduct an investigatory docket on the costs and benefits of New Hampshire's membership in ISO-New England.

- He explained that this issue has been examined in different forms, such as committees and commissions, but this bill takes a new approach by initiating a formal investigation through the Department of Energy.
- The investigation would examine whether New Hampshire is experiencing cost shifting due to policies or legislative decisions in other New England states, and what benefits the state actually receives from ISO-New England membership.
- Representative Summers noted that while New Hampshire generates 17% of the electricity in ISO-New England, it only uses about 10%, raising questions about fairness in cost allocation.
- He emphasized that both the Department of Energy and the Office of the Consumer Advocate were supportive of investigating these questions, even though the Department of Environmental Services remained neutral on the bill itself.
- He stated that ISO-New England itself has acknowledged uncertainty around some of these issues and would be willing to investigate if formally asked by the state.
- Senator Watters asked whether the core concern was that New Hampshire may be paying a disproportionate share of regional transmission costs due to other states' increasing use of distributed energy and renewables.
 - Representative Summers agreed, stating that transmission costs are shared regionally, and New Hampshire may be absorbing more than its fair share, despite using less energy overall.
- Senator Watters questioned the value of spending \$200,000 of ratepayer money for an investigation that may not yield clear answers.
 - Representative Summers responded that the benefit would be in gaining clarity on long-standing questions, which could lead to future legislation aimed at saving ratepayer money.
- Senator Watters asked whether the study would estimate the costs New Hampshire would face if it left ISO-New England.
 - Representative Summers confirmed that the study would include those costs and evaluate what the state would face if it chose to operate independently.

Donald Kries

The Office of the Consumer Advocate

- Mr. Kries testified in strong support of HB 690-FN, stating the bill offers an important opportunity to examine whether ISO-New England is truly serving the interests of New Hampshire's residential utility customers.

- He clarified that, while the bill’s sponsors are focused on isolating ratepayers from the costs of regional environmental policies, his support stems from broader concerns about ISO-New England’s structure and accountability.
- He asserted that ISO-New England currently operates in a way that favors large, out-of-state utility companies, such as Eversource, Constellation, NextEra, and National Grid, rather than the region’s electricity consumers.
- Mr. Kries described ISO’s stakeholder body, NEPOOL, as a private, closed group with voting rules designed to ensure that major transmission and generation companies maintain control over key decisions.
- He raised concerns about the ISO-New England Board of Directors, which he said is composed largely of former utility executives and lacks meaningful public oversight.
- Mr. Kries acknowledged the fiscal note for the bill estimates a cost of \$200,000 but argued that the study could be conducted for less by using existing resources within the Department of Energy, his own office, and ISO’s government relations staff.
- He also pointed to past studies conducted by Connecticut and Maine on this topic, suggesting that New Hampshire could build on those findings rather than starting from scratch.
- Senator Avar asked how the studies conducted by Connecticut and Maine could benefit future investigations into ISO-New England.
 - Mr. Kries responded that the studies showed that withdrawal from ISO-New England would be costly and legally complex, they also provided valuable insights that could inform New Hampshire’s investigation without duplicating past efforts.
- Senator Pearl asked if additional topics should be added to the bill.
 - Mr. Kries recommended including questions related to the governance of ISO-New England and whether the organization’s structure perpetuates economic advantages for legacy utilities at the expense of consumers.
- Senator Watters asked if the bill should be amended to address governance issues.
 - Mr. Kries stated he would assist in drafting amendments to address those concerns.

Summary of testimony presented in opposition:

**Representative Wendy Thomas
Hillsborough County District 12**

- Representative Thomas argued that although the bill appears to propose a neutral investigation, it is actually the first step toward a costly and dangerous attempt to withdraw New Hampshire from ISO-New England.
- She emphasized that the bill's title and language do not suggest reforms or improvements but instead focus on withdrawal and strategies that could negatively impact ratepayers.
- Representative Thomas explained that ISO-New England is essential for providing New Hampshire with reliable, affordable, and stable electricity by managing the power grid across six states.
- She warned that leaving ISO-New England would leave the state isolated, similar to Texas under ERCOT, a system that experienced catastrophic grid failure during Winter Storm Uri in 2021, resulting in widespread blackouts and fatalities.
- She highlighted several vulnerabilities of ERCOT, including lack of access to external power during emergencies, minimal regulatory oversight, and electricity prices spiking to \$9,000 per megawatt-hour, compared to an average of around \$35 elsewhere.
- Representative Thomas stated that pursuing this study would result in duplicative services, exit fees, loss of regional collaboration, and increased costs, while sacrificing energy reliability.
- She noted that while Connecticut and Maine have already examined withdrawal from ISO. She explained Connecticut abandoned the study midway due to its obvious risks, and Maine's 2020 memorandum concluded that the legal and economic consequences were too uncertain and complex.
- Representative Thomas argued the \$200,000 study would be a waste of taxpayer money, as the Department of Energy would need to hire external lawyers, engineers, and consultants just to complete it, likely exceeding the budget.
- She shared that in discussions with constituents regarding HB 690-FN, there was near-universal opposition, with people citing concerns about reliability and comparisons to Texas.
- Senator Avard asked Representative Thomas to clarify if Connecticut and Maine have already tried looking into withdrawal from ISO-New England.
 - Representative Thomas confirmed that Connecticut and Maine had pursued similar studies but concluded that the risks far outweighed any benefits.

Neutral Information Presented:

Mark Brown

Energy Consumer Alliance

- Mr. Brown stated the Consumer Energy Alliance is neutral on HB 690-FN.
- He explained the Consumer Energy Alliance is a national trade association founded in 2006 to foster dialogue between energy producers and consumers, with about 400 affiliate members across sectors such as agriculture, construction, utilities, and transportation.
- Mr. Brown emphasized that concerns about market performance and energy policy are not partisan issues, nor are they limited to New England.
- He noted that stakeholders on both sides of the political spectrum are dissatisfied. He stated some believe renewable energy is not being adequately incentivized, while others feel the same about dispatchable generation.
- Mr. Brown stated that New Hampshire has consistently accounted for about 10% of the regional mix, while Massachusetts remains around 45%, despite investing tens of billions in behind-the-meter resources and energy efficiency.
- He challenged the idea that New Hampshire pays more in transmission charges due to underinvestment, arguing that there is no evidence supporting that claim and that the regional network service charges have remained relatively stable over the past 15-20 years.
- Mr. Brown suggested the more important question is whether Massachusetts' large-scale investments have resulted in net consumer savings.
- He stated there is no factual basis to support the idea that lack of investment in energy efficiency directly leads to higher transmission costs for New Hampshire.

Chris Ellms & Dan Phellan

New Hampshire Department of Energy

- Mr. Ellms stated the Department of Energy is neutral on HB 690-FN but is ready and able to conduct the investigation if directed by the legislature.
- He stated the bill raises important questions about whether New Hampshire's participation in ISO-New England is benefiting ratepayers or exposing the state to unnecessary costs and risks.
- Mr. Ellms acknowledged the technical, legal, and regulatory complexities of leaving ISO-New England but said the study could help identify specific challenges, costs, and opportunities for New Hampshire.
- He highlighted Question M in the bill, which asks what alternative regulatory structures the state could explore to improve electricity affordability and reliability.

- He noted that leaving ISO could take various forms, not necessarily full withdrawal, and said the study could explore other models of participation in wholesale markets or alternative power procurement structures.
- Mr. Ellms emphasized the importance of transmission costs, pointing out that New Hampshire is expected to pay roughly 10% of an estimated \$10 billion in regional transmission investments over the next decade.
- He argued that although the investigation could cost around \$200,000 and could result in long-term savings and improved planning for ratepayers, calling it a worthwhile investment.
- He explained that consultants would be used only for tasks where in-depth economic, or engineering analysis is needed beyond the department's internal capacity.
- He provided examples of past consultant use, including interconnection rules, pole attachment fees, and protecting the 603 area code.
- Senator McConkey asked if the department would incorporate insights from Connecticut and Maine and include feedback from stakeholders like ISO-New England and utilities.
 - Mr. Ellms confirmed that this would be part of the process, and a full request for proposals would reflect existing studies and stakeholder input.
- Senator Watters asked if referencing RSA 365:37 explicitly to clarify legal authority for the study.
 - Mr. Ellms said that while the department believes the bill already allows this, including the reference would add clarity and would be welcome.
- Senator Watters asked if placing a dollar cap of \$100,000 on the study would help protect ratepayers.
 - Mr. Ellms responded that while \$100,000 would significantly limit the scope, all consultant contracts include budget caps, and the department is always focused on cost-effectiveness for ratepayers.
 - Mr. Phellan added the Department of Energy would investigate any topics the legislature includes in the bill, and the broad scope reflects the complexity of the energy landscape.
- Senator Watters asked if the language in the bill is too vague and could complicate the scope and cost of consultant work.
 - Mr. Phellan acknowledged the language is broad due to the complexity of the issue but agreed that clearer wording could help focus the study.
- Senator Watters pointed to Line 22, which asks "Where do ISO-New England markets currently shift costs?" and questioned whether it should instead ask "if" or "how" costs are shifted.

- Mr. Phellan agreed, stating the current language assumes a conclusion and recommended clarifying it to reflect the Department’s statutory duty to address unreasonable cost shifting.
- Senator Watters asked if the word “unreasonably” should be added.
 - Mr. Phellan agreed that doing so would better align the bill with the Department of Energy’s mandate and focus the study appropriately.

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Date Hearing Report completed: April 9, 2025