

Senate Energy and Natural Resources Committee

Joshua Schauer 271-3077

SB 538-FN, extending net metering eligibility terms for municipal energy projects.

Hearing Date: January 13, 2026

Time Opened: 9:38 a.m.

Time Closed: 10:06 a.m.

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

Members of the Committee Absent : None

Bill Analysis: This bill establishes long-term eligibility for certain customer-generators to receive net energy metering compensation under alternative tariffs approved by the public utilities commission. This bill also outlines conditions for transitioning to future tariffs.

Sponsors:

Sen. Watters

Sen. Rosenwald

Sen. Fenton

Sen. Avard

Sen. Long

Sen. Prentiss

Sen. Altschiller

Sen. Perkins Kwoka

Who supports the bill: 65 individuals signed in Support. Contact Joshua.Schauer@gc.nh.gov for further information.

Who opposes the bill: 1 individuals signed in Opposition. Contact Joshua.Schauer@gc.nh.gov for further information.

Who is neutral on the bill: 1 individuals signed Neutral. Contact Joshua.Schauer@gc.nh.gov for further information.

Summary of testimony presented:

Senator David Watters, District 4

- Senator Watters introduced the bill following issues from HB 315 (2021). He said that the legislature believed the issue was resolved. It lifted the 1-megawatt cap on net-metering projects developed by municipalities. This allowed for more to be developed in the 1–5-megawatt range.
- He said that financing challenges emerged due to misalignment between 20-year project terms and existing tariff rules. The bill “grandfathers” projects with

a 20-year limitation that are currently in place. The legislation establishes a 20-year term or longer, as allowed under tariffs.

- He said the bill is limited to the projects grandfathered in and mentioned there are a variety of towns across the state and listed all the towns which are approved under this legislation.

Chris Elms, Deputy Commissioner, DOE

- Mr. Ellms stated that the Department is neutral on the bill but provided policy context. The bill would guarantee that projects for group host net-metering would be able to receive the existing rate of compensation for 20 years after going online and then after the 20 years transition to the rate in place at that time. This expands the current structure for projects through 2040.
- He said that DOE supports the existing date-certain legacy period over a rolling 20-year period. He noted that there were disagreement between the PUC and DOE over this issue, however ultimately the PUC found little evidence that the expanded legacy period was necessary to secure investment in residential or commercial generator installations.
- He stated that a rolling 20-year legacy period is a government guarantee for compensation that few businesses can count on. He said this would be very beneficial for financing terms for developers however by shifting investment risk from developers, it would lead to the costs being paid by the rate payer. He added that those costs would surely increase because of it.
- He explained that the compensation structure favors developers if rates rise, however ratepayers bear the risk and costs if rates fall.
- He remarked that the rolling 20-year legacy period is difficult and costly to administer. It means that each project could be at a different rate and have a different structure which must be followed individually. This means that administrative costs will increase and ultimately fall on ratepayers.
- He echoed that the department remained neutral and stated that the final authority rests with the legislature.

Senator Watters asked to confirm whether the Department of Energy was neutral on the issue

Mr. Ellms said that they were neutral and the legislature can make any policy determination they deem necessary.

Senator Watters asked if he agreed that the legislature did choose, with the passage of HB315, that this policy was one that met their goals and affirmed the need for it.

Mr. Ellms said that he did not review HB315 but said that he was a member of those deliberations last year and did not recollect that the legacy period was contemplated.

Senator Watters emphasized difficulties caused by PUC delays and decisions contrary to legislative intent and asked if he could agree that it was the legislature that governs not the PUC.

Mr. Elms responded that recent PUC actions align with department policy goals as was legislated. However, he agreed that the legislature has ultimate authority.

Nick Paul, Clean Energy NH

- Mr. Paul said that NH lacks clear and simple guidelines for clean energy businesses. Developers and jobs are moving to neighboring states with clearer policies. This loss of projects leads to fewer electricians and higher project costs. They learned that 274 MW of solar projects that were being developed were abandoned prior to 2026 and 12 companies had left the State.
- He continued to say that this bill guarantees rate terms for projects on a rolling basis and is a narrow fix to address a past policy flaw. SB538 does not raise the net metering credit. It deals with term certainty for municipalities.
- He added that SB538 is not a sweeping redesign. It is a narrow, municipal focused repair to a policy flaw that is actively pushing projects, capital, and workers out of New Hampshire
- He urged the committee to act now to ensure these companies and jobs stay in the State.

Senator Watters asked if he agreed that Solar power has proven to be the cheapest source of energy across the country.

Mr. Paul agreed and said it was true that solar is the most affordable option.

Senator Watters asked if municipalities adopted this policy, would it not decrease demand and potentially lower the necessity for expensive transmission projects.

Mr. Paul said that local generation acts as a hedge against price volatility and reduces transmission costs because it is close to home.

James Monaghan, The Dupont Group

- He said that he was in attendance on behalf of multiple agencies and groups as their representative.
- Mr. Monaghan explained that the bill builds on prior legislation and aims to avoid renewed net-metering disputes. It seeks to expand existing and in-progress projects.

- He emphasized the need for practical solutions which include power purchase agreements (PPA's), these are standard operating procedures.
- He stated that regulators failed to resolve the issue of extending the 20-year term and that the legislature must get it right with SB538.
- He noted that net-metering is not a fixed rate, but it fluctuates with market conditions and ratepayers take that risk but also get the benefit.

Sen. Pearl expressed concern about an open-ended period and if that were to be, then every project would have a 20-year-or-longer contract until future legislatures changed that. He asked if it would be reasonable to put a 5-year sunset on ongoing projects and then review those projects again in 5 years.

- Suggested a 5-year sunset as a possible alternative

Mr. Monaghan said a sunset could be reasonable however he requested time to consult with stakeholders before taking a position.