

Senate Energy and Natural Resources Committee

Joshua Schauer 271-3077

HB 1775-FN, relative to utility ownership of natural gas and nuclear power generation facilities.

Hearing Date: April 14, 2026

Time Opened: 9:02 a.m.

Time Closed: 11:29 a.m.

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

Members of the Committee Absent : None

Bill Analysis: This bill:

I. Expands the purpose of RSA 374-G to include investment in natural gas and nuclear technologies for grid reliability.

II. Authorizes electric utilities to own or invest in such resources up to 10 percent of peak load.

III. Requires rate recovery eligibility for those investments.

IV. Repeals certain limitations on utility-funded generation equipment and prior investment restrictions.

Sponsors:

Rep. Bernardy

Rep. D. Thomas

Sen. Avard

Who supports the bill: 3 Individuals signed in Support of the legislation. Please contact Joshua.Schauer@gc.nh.gov for more information.

Who opposes the bill: 66 Individuals signed in Opposition of the legislation. Please contact Joshua.Schauer@gc.nh.gov for more information.

Who is neutral on the bill: 1 Individuals signed Neutral on the legislation. Please contact Joshua.Schauer@gc.nh.gov for more information.

Summary of testimony presented:

Representative JD Bernardy, Rockingham 36

- Rep. Bernardy stated that the governor and the people of NH have spoken out about the rising cost of electricity in the state. He explained that this legislation was meant to address that concern
- He stated that reliable sources of energy production like coal and oil plants have been shut down in recent years. He went on to say that the state has subsidized unreliable renewable energy sources.
- He explained that energy demand in NH was growing for the first time in years and they need more reliable sources of energy production to accommodate for this growth. He stated the need for power during harsh winter days.
- He stated that the legislation focuses on micro-nuclear and gas-based energy production at the distributed energy level. He stated that NE power produces testified in the house that they would not get involved in the NE energy market as there was no return on investment at the time.
- This legislation would allow utilities to produce 10% of their distribution capacity from distributed energy production, such as micro-nuclear and small gas facilities under 5 MW per production facility.
- He stated that by allowing distributed energy production by utilities they can keep energy production local. He explained ISO NE changed their day ahead market contracts because of the unreliability of renewable energy sources.

Senator Rosenwald stated that 5 MW is relatively small. She asked how much it would cost to make a 5 MW gas plant.

Rep. Bernardy answered that he is not sure of the exact cost. He stated that he is aware there are systems like the one described on the market.

Senator Rosenwald asked if the cost of new generation would be recovered in rates.

Rep. Bernardy answered yes, any development made by utilities can be recovered in rates.

Senator Rosenwald asked if this would bring the cost of electricity up rather than down.

Rep. Bernardy answered that the PUC would look at the cost benefit of new distributed energy production and make a determination based on that assessment.

Senator Watters stated that he thought the legislation prioritizes gas and micro-nuclear. He stated that the committee normally takes an “all of the above” approach to resources. He asked if Rep. Bernardy thought that renewable energy sources paired with battery were unreliable.

Rep. Bernardy answered that he did not consider batteries to be unreliable but mentioned that they only last a few hours. He stated that the legislation would add long term reliable sources of energy.

Senator Watters mentioned that there were now batteries that could last up to 24 hours. He asked if he thought that this would fit under his definition of reliable.

Rep. Bernardy answered yes.

John Gage

- Mr. Gage was opposed to the legislation because he did not believe that utilities should be in the energy generation business.
- He stated that he believed that the state made a good decision when they separated energy production from energy distribution. He stated that this legislation would un-do that policy. He wanted to see that separation maintained.
- He stated that he is a volunteer with an organization that advocates for clean energy solutions. He stated that Eversource would not endorse the policy he had proposed, even though their economist stated it was the best solution they could implement to reduce climate pollution. He stated that because Eversource is in the fossil fuel business, they did not want to promote clean energy solutions.

Nick Krakoff, Conservation Law Foundation

- Mr. Krakoff was opposed to the legislation because it departs from the state policy of separating utilities and generators. He stated he supported the idea of reducing energy costs, but did not think the proposed legislation would achieve that.
- He stated that the original intent of the utility restructuring law was to reduce cost to consumers by harnessing competitive markets. He said that currently there are only narrow exceptions to the prohibition on utilities owning generation assets. He went on to say that the proposed legislation would create a much larger exception.
- He said that allowing utilities to produce 10% of their load through distributed energy production would allow Eversource to own and operate nuclear and gas facilities with a cumulative capacity of nearly 200 MW.
- He said that utilities would most likely try and recover those costs from rate payers. He said that the legislation would increase the risk to ratepayers in case of cost overruns.
- He mentioned that nuclear power generators often have cost overruns and often have a higher cost per kw than other energy resources.

Clifton Below, CPCNH

- Mr. Below was opposed to the legislation because he did not want utilities to re-enter the generation market. He stated that they were not opposed to promoting micro-nuclear reactors.
- He stated that micro-nuclear reactors are currently being tested and will soon hit the commercial market. He stated that this is a niche that NH could develop

once those reactors hit the market.

- He was concerned that utilities would be allowed to re-enter the generation market. He stated that it would harm competition by giving unfair advantages to the utilities.
- He explained that in 1994 legislation was written that outlines the separation of utilities from the generation market. In that language it allows utilities to own small distributed energy production resources with the purpose of reducing transmission costs.
- He stated that RSA 374:G has a provision that the cost could be recovered through the distribution rate. He gave suggestions that would maintain the competitive aspects of the market.

Molly Connors, NEPGA

- Ms. Connors was opposed to the legislation because it would return the state to failed policies that they had already moved away from. She stated that allowing utilities to return to the generation market would hurt competition in the market.
- She stated that by allowing utilities to recover costs of generation from rate payers, they shift the risk from private investors onto the ratepayers themselves.
- She stated that the transmission market is very different from the generation market. She was concerned that utilities would take on too much risk if they entered the generation market.

Senator Avard stated that constituents are asking for a solution to high energy costs. He asked how she would go about fixing the energy cost.

Molly Connors stated that she is better versed in power generation industry rather than transmission. She stated that healthy competition is the best way to bring cost down. She stated that the energy wholesale market's main goal is to find the cheapest way to generate energy. She said that this bill would hurt the competitive market by giving an unfair advantage to utilities by allowing them a guaranteed rate of return.

Senator Avard listed other proposed legislation that had to do with bringing down energy cost. He asked if these bills better addressed the rate of return issue

Molly Connors spoke briefly about SB 221 but asked that they keep the discussion to the bill they were currently discussing.

Senator Rosenwald spoke about economies of scale and the benefit you receive from large projects. She stated that this legislation contemplates very small projects. She asked where the cost saving would come from in small projects when compared to just buying the energy.

Molly Connors stated that she sees the argument that these plants are so small they

won't impact the market. She went on to say that demand for energy has gone up and private investors are looking to build in NH. She stated that if utilities are allowed to generate energy it would disincentivize that private investment.

Susan Richman

- Ms. Richman was opposed to the legislation because there were too many vulnerabilities being pushed onto the ratepayer. She stated that this would repeal previous rulings that separated generation and transmission.
- She stated that the bill has a fiscal note that says it will cost the state nothing. She stated that ratepayers will be stuck with the stranded costs. She also stated that it would create two new positions at the PUC.

Alec O'Meara, UNITIL

- Mr. O'Meara was in support of the legislation because it addresses distributed energy generation resources. He added that this would add the capacity for the generation at the local level.
- He stated that ratepayers would benefit from energy produced locally. It would allow utilities to avoid high out of state transmission costs.
- He explained that the UNITIL recently added a distributed energy project with the Kingston Solar Array. He stated that UNITIL had to go through a rigorous process at the PUC to prove the project would be a net benefit to customers.
- He mentioned that they would prefer SB 591 as it is more fuel neutral.

Michael Licata, Eversource

- Mr. Licata was in support of the legislation because it makes helpful changes to existing distributed energy resource projects. He mentioned that the proposed legislation is similar then SB 591.
- He stated that RSA 374:G-52 lays out a nine factor test that the PUC uses to determine if a project is of net benefit to the consumers. There has only ever been one project that has fully passed the test which is the UNITIL Kingston Solar Array.
- He stated that 10% of Eversource's peak distribution is 183 megawatts. The 183 megawatts would be divided up into 5 megawatt projects that reside on the distribution level.
- He stated that utilities are not guaranteed a rate of return, but rather have the opportunity to earn up to a certain rate of return.

Senator Watters asked about the change from a "may" to a "shall" on page 1 line 27. He asked if he thought that would make a difference.

Michael Licata stated he did not believe that the change would make a difference.

Senator Rosenwald asked if Eversource were to take full advantage of the 183

megawatts, how would they pay for that project. She asked if they would bond or borrow rather than taking it out of current spending. She mentioned that they have a double b bond rating. She asked how much it would cost to build these plants.

Michael Licata stated that Eversource has a triple b bond rating. He explained that they would borrow around 50% of the cost and the other half would be funded through rates. He said the cost of these plants would depend on the type of project. Mentioned that nuclear is not cost effective today but could be in the future.

Senator Rosenwald asked what the interest rate would be to borrow 50% of the cost of a project.

Michael Licata stated he did not know but he would get back to her later.

Joshua Elliot, Department of Energy

- Mr. Elliot stated that the department was neutral on the legislation. He was concerned about conflicts it would create with SB 591.
- He was concerned that if both bills were passed, they would accidentally allow utilities to generate a total of 20% of their peak distribution load rather than the intended 10%.
- He spoke about a suggestion that he made that would clarify that renewable energy standards would only apply if the energy type was covered under the renewable energy standard. If the legislation passed both nuclear and gas would be applied under the standard.

Cathrine M. Corkery, NH Sierra Club

- Ms. Corkery was opposed to the legislation because it promotes risky and unproven tech that is not been proven out in the real world.
- She stated that both nuclear and natural gas are some of the most expensive ways to generate energy. She also mentioned that the market for these resources is particularly volatile. She also stated that these would be potential targets for our adversaries.
- She stated that this legislation lacks support for cheaper, faster and cleaner energy resources that are available today.
- She was also concerned that they would be rolling back regulation keeping distribution and generation separate.