

# Senate Energy and Natural Resources Committee

*Max Taylor 271-1403*

**HB 221**, relative to assessment of cost effectiveness of the systems benefit charge.

**Hearing Date:** April 1, 2025

**Time Opened:** 9:20 a.m.

**Time Closed:** 10:05 a.m.

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

**Members of the Committee Absent :** Senator Avard

**Bill Analysis:** This bill modifies the assessment of system benefit charges cost effectiveness.

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**Sponsors:**

Rep. Harrington

Rep. Bernardy

Rep. Notter

Rep. Summers

Rep. D. Thomas

Rep. Vose

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**Who supports the bill:** Representative Michael Harrington (Strafford County District 18), Representative JD Bernardy (Rockingham County District 36), Representative Douglas Thomas (Rockingham County District 16)

**Who opposes the bill:** Chase Pennoyer, Eric Stanley (Liberty), Griffin Roberge (Eversource), Marc Lemenager (Eversource), Meghan Hoye (Franklin Energy), Matt Siska (GDS Associates), Donald Kreis (Consumer Advocate), Josh Meehan (Keene Housing), Nick Krakoff (Conservation Law Foundation), Michael Turcotte (Turn Cycle Solutions), Matt Mayberry (NH Home Builders), Alec O'Meara, Natch Greyes (BIA)

**Who is neutral on the bill:** Josh Elliot (NHDOE), Ryan Clouthier (CAPHR)

**Summary of testimony presented in support:**

**Representative Michael Harrington**

**Prime Sponsor, Strafford County District 18**

- Representative Harrington stated the bill was requested by the Public Utilities Commission and emphasized that it is a straightforward proposal.
- He explained the bill would give the Public Utilities Commission the option, starting in 2027, to open a formal adjudicative process to review how the cost-effectiveness of the System Benefit Charge is calculated.

- This process would involve all interested stakeholders, such as utilities, the Office of the Consumer Advocate, The Business and Industry Association, and others, in a formal hearing before any changes are considered.
- Representative Harrington stressed the bill does not mandate any action or change in methodology, it simply allows the Public Utilities Commission to review the process if needed.
- He highlighted a recent decision in Massachusetts to cut \$500 million in energy efficiency funding, emphasizing how changing conditions might warrant a reevaluation.
- He stated the purpose of the bill is to provide flexibility in the face of future developments, while still allowing the legislature to retain final oversight if necessary.
- Senator Watters asked whether HB 277 contradicts the legislature’s earlier stance in SB 549, when lawmakers decided the System Benefit Charge should be set by the legislature rather than the Public Utilities Commission.
  - Representative Harrington stated that based on his experience both in the legislature and the Public Utilities Commission, he believes the Public Utilities Commission should have the flexibility to address technical issues through an optional review process.
  - Representative Harrington emphasized again that the bill does not require action, and the legislature would still have the power to override the Public Utilities Commission’s decisions if it disagreed.

**Representative JD Bernardy  
Rockingham County District 36**

- Representative Bernardy stated his agreement with Representative Harrington, that the Public Utilities Commission should have the option to review how the System Benefit Charge is calculated.
- He emphasized that any changes by the Public Utilities Commission would be made through a formal adjudicatory process, ensuring that businesses affected by the System Benefit Charge would have enough time to understand and prepare for any impact.
- Representative Bernardy described the bill as a reasonable and fair proposal that supports transparency and predictability for service providers under the System Benefit Charge.

**Summary of testimony presented in opposition:**

## **Donald Kries**

### **The Office of the Consumer Advocate**

- Mr. Kries expressed his strong opposition to HB 221 and urged the committee to recommend it as inexpedient to legislate.
- He argued that the bill poses a serious threat the NH Saves energy efficiency programs, which he described as the most effective tool available for helping residential utility customers.
- Mr. Kries stated the bill would give the Public Utilities Commission the option to change how cost-effectiveness is calculated, which would likely result in replacing the Granite State Test with a less supportive method.
- He highlighted that the Public Utilities Commission has a history of opposing ratepayer-funded energy efficiency and intends to dismantle NH Saves, citing the Commission's own past orders.
- He emphasized that determining how to calculate cost-effectiveness, especially in setting the discount rate, is a policy choice not a technical decision. He stated the decision should remain in the legislature.
- Mr. Kries also objected to the fact that the bill was introduced at the request of the Public Utilities Commission, saying it is inappropriate for regulators to direct legislative action.
- He concluded by stressing that energy efficiency benefits all utility customers, not just participants, and that the existing system should be preserved.
- Senator Rosenwald asked whether it is more cost-effective to avoid energy use through efficiency than to try to lower the cost of energy.
  - Mr. Kries stated that energy efficiency does save more money by reducing the need for energy, both for individual consumers and for the system as a whole.
  - He explained that ratepayer-funded programs benefit all utility customers, not just those who directly participate, making it a public good.

## **Chase Pennoyer**

### **Resilient Buildings Group**

- Mr. Pennoyer explained that he is the owner and president of an energy efficiency consulting firm and that his company depends heavily on the NH Saves energy efficiency programs to identify and implement improvements in new and existing buildings.
- He described NH Saves as essential to the state's energy efficiency efforts and emphasized that the program enjoys widespread, bipartisan support from residents, businesses, and contractors.

- Mr. Pennoyer recalled when a former chairperson of the Public Utilities Commission abolished NH Saves programs and resigned, saying it showed how vulnerable the programs are to regulatory opposition.
- He echoed concerns that the current Public Utilities Commission is fundamentally opposed to energy efficiency.
- He emphasized HB 221 would destabilize the framework established by HB 549, which struck a balance and effective policy to protect energy efficiency programs.
- Mr. Pennoyer highlighted the economic benefits of NH Saves, saying it keeps money local by supporting contactors and projects that reduce costs for residents, rather than sending money out of state for energy purposes.

### **Eric Stanley**

#### **Liberty Utilities**

- Mr. Stanley explained that he has worked in New Hampshire's energy efficiency sector since 2001 and has helped deliver services to tens of thousands of customers annually.
- Mr. Stanley stated that HB 221 is unnecessary and could have negative consequences for both ratepayers and the local business that provide energy-efficiency services.
- He emphasized that under the current framework, the Public Utilities Commission already has full authority to review all spending and energy savings claimed through the NH Saves programs.
- He highlighted the existing Granite State Test already allows detailed scrutiny of program cost-effectiveness, so giving the Public Utilities Commission additional power to change the evaluation process would not enhance transparency or oversight.
- Mr. Stanley stressed his concern that altering the cost-effectiveness framework could disrupt the stability and effectiveness of a program that has been successful since its launch in 2002.

### **Matt Siska**

#### **GDS Associates**

- Mr. Siska stated that GDS Associates works across multiple states and currently serves as New Hampshire's statewide coordinator for workforce development in energy efficiency, giving him insight into both policy and the business community.
- Mr. Siska predicted that HB 221 would have a destabilizing effect on New Hampshire's energy-efficiency business community. He said HB 549 was passed

specifically to stabilize the landscape for these businesses, and HB 221 threatens to undo that progress.

- He explained that the current Granite State Test was developed through a robust, months-long stakeholder process in 2019, led by the Public Utilities Commission and involving national consultants.
- He emphasized that the process already allows flexibility to adjust assumptions and ensure energy savings are accurate and effective.
- Mr. Siska argued that reopening the test would waste time and resources rehashing issues that have already been settled with a strong technical foundation.
- He clarified that recent energy efficiency funding cuts in Massachusetts were not due to cost-benefit testing but rather state budget decisions, an issue already addressed in New Hampshire by HB 549.
- Mr. Siska urged the committee to retain the current framework and reject HB 221.

### **Josh Meehan**

#### **Keene Housing Authority**

- Mr. Meehan explained that New Hampshire's public housing authorities serve tens of thousands of low-income seniors, people with disabilities, and working families. Additionally, he stated that NH Saves has been a critical partner in preserving and improving housing stock.
- Mr. Meehan warned that HB 221 could undermine the cost-effectiveness standard used by the Public Utilities Commission, likely leading to the dismantling of NH Saves during the next program cycle.
- He stated that NH Saves has supported energy efficiency in public housing, including replacing inefficient electric heating systems with high-efficiency heat pumps, improving insulation, and upgrading lighting and HVAC systems. All of which have produced measurable cost savings and improved living conditions.
- He noted that a \$1.6 million project in Portsmouth, NH that modernized a 100-unit senior housing building, which not only lowered heating costs but added air conditioning, improving resident comfort and health.
- Mr. Meehan emphasized that these energy-efficiency projects extend the life of aging public housing stock and save money that can be reinvested into capital improvements. Additionally, he stressed that such projects are especially vital at a time of declining federal support.
- He stated that HB 221 threatens one of the few tools housing authorities have to maintain long-term affordability and building resiliency.
- Mr. Meehan urged the committee to protect the current framework created by HB 549, which protects both energy savings and affordable housing resources.

- Senator Watters asked if the benefits of energy efficiency in public housing, such as tighter insulation, new appliances, and better exhaust systems, also support public health, especially for elderly and disabled residents.
  - Mr. Meehan agreed, stating that energy efficiency upgrades not only reduce costs but are essential for the health and well-being of residents.
  - Mr. Meehan noted that federal funding only covers a fraction of needed upgrades, and programs such as NH Saves are essential for ensuring housing remains livable and affordable for future generations.

### **Nick Krakoff**

#### **Conservation Law Foundation**

- Mr. Krakoff described the justification given by the Public Utilities Commission for the bill as flawed and inconsistent.
- He highlighted comments made by the Public Utilities Commission commissioners during a January 27<sup>th</sup> House hearing, where they criticized the Granite State Test for focusing only on bill and ratepayer impacts rather than broader societal costs of energy efficiency programs.
- Mr. Krakoff stated this argument directly contradicts the Public Utility Commission's own statements in other dockets, including one on net metering, where the commission argued it should not evaluate broader societal benefits, such as environmental, health, or economic impacts, because it lacks the expertise to do so.
- Mr. Krakoff stated this contradiction suggest the Public Utilities Commission wants to consider full societal costs of energy programs, but not the full societal benefits, creating a one-sided and misleading picture.
- He emphasized that the continued inconsistency weakens the Public Utilities Commission's justification for the bill and highlights why HB 221 is unnecessary.

### **Michael Turcotte**

#### **Turn Cycle Solutions**

- Mr. Turcotte stated the bill would jeopardize the structure used to evaluate energy efficiency programs, which has proven effective and beneficial to New Hampshire communities.
- He expressed concern that the Public Utilities Commission has shown a consistent intent to undermine energy efficiency efforts, and that this bill would give the Public Utilities Commission further power to do so.
- He emphasized the importance of protecting programs that work, such as NH Saves, and urged the committee to vote against HB 221.

**Griffin Roberge**  
**Eversource Energy**

- Mr. Roberge noted that HB 221 is identical to HB 1036, which was voted inexpedient to legislate by the Senate last year.
- He stated Eversource believes the legislature made the right decision in passing HB 549, which codified the Granite State Test and brought much-needed certainty and stability to the NH Saves energy efficiency programs.
- He emphasized that stability is essential for utilities administering the program, for the contractors who implement them, and for customers who rely on them to lower energy costs.
- Mr. Roberge stated that by potentially allowing for a new and undefined cost-effectiveness test, HB 221 could reintroduce the uncertainty that existed prior to HB 549's passage.
- He emphasized that the Granite State Test was developed through a two-year collaborative stakeholder process, that since its adoption, all of Eversource's program filings using the test have received unanimous support.
- He concluded that the current framework is functioning well for all parties involved.

**Matt Mayberry**  
**New Hampshire Home Builders Association**

- Mr. Mayberry emphasized that when groups as ideologically different as the Conservation Law Foundation and Home Builders Association agree on opposing a bill, it is a clear signal that the bill is deeply flawed.
- He shared several real-life examples of how NH Saves helps low-income and veteran families.
- He opposed earlier testimony implying that legislators are not equipped to understand technical energy issues, saying that no legislation should be so complex that the average person cannot understand it.
- Mr. Mayberry criticized the proposed adjudicatory process in HB 221, saying it lacks collaboration and treats stakeholders like passive recipients rather than active participants.
- He recalled that a similar bill was rejected in the past and reiterated that elected lawmakers, not unelected bureaucrats, should guide policy.
- He concluded with a personal story about how, as a child, NH Saves helped his single mother stay warm during a time of domestic hardship.

**Alec O'Meara**  
**Unitil**

- Mr. O'Meara acknowledged that many speakers before him had already clearly explained the importance of energy efficiency programs, but stated he wished to emphasize the importance of the Granite State Test.
- Mr. O'Meara stated that Unitil supports programs that empower customers to manage their own energy usage, as long as those programs are affordable and effective for all ratepayers.
- He emphasized that NH Saves, under the current Granite State Test, meets that standard by delivering meaningful energy savings while maintaining program affordability and stability.
- Additionally, the Granite State Test not only benefits customers, but also supports businesses and contractors that help implement energy efficiency programs.
- He stated that HB 221 is unnecessary and that the existing framework is working well.

**Neutral Information Presented:**

**Josh Elliot**  
**New Hampshire Department of Energy**

- Mr. Elliot stated the Department of Energy is neutral on HB 221.
- He explained the central concern is whether the legislature should retain full control over how cost-effectiveness is measured for energy efficiency programs or allow the Public Utilities Commission the option to reevaluate it through a formal process.
- Mr. Elliot referenced HB 549, which was passed after the Public Utilities Commission's 2021 ruling on the 2021-2023 Energy Efficiency Plan. He explained that bill reinforced legislative control, set a budget, and established key program guidelines, including codifying the Granite State Test for cost-effectiveness.
- He emphasized that the legislature must decide whether it wants to maintain control over the test or delegate that authority to the Public Utilities Commission.
- Senator Watters asked if the Department of Energy has experienced any problems or shortcomings with the Granite State Test.
  - Mr. Elliot stated the Department of Energy is satisfied with the current test.

## **Ryan Clouthier**

### **Community Action Partnership of Hillsborough and Rockingham Counties**

- Mr. Clouthier stated his organization is neutral. However, they have serious concerns about how the bill could impact low-income weatherization programs.
- He explained Community Action Agencies have delivered the Weatherization Assistance Program in New Hampshire since the 1970s using federal funds. These federal dollars are leveraged with utility-funded Home Energy Assistance dollars, both of which are tied to the Granite State Test.
- He stated HB 221 could disrupt this successful structure, potentially reducing the efficiency and impact of weatherization services that help thousands of low-income families reduce energy costs and improve home safety.
- Mr. Clouthier stated that his agency has enrolled over 10,500 families in the Low-Income Energy Assistance Program, all of whom are eligible for the Weatherization Assistance Program and Home Energy Assistance.
- He explained these programs use computer modeling to ensure every upgrade meets a benefit-to-cost ratio of at least 1.0. In many cases, energy consumption is reduced by 20—50%, providing substantial financial relief for struggling families.
- He highlighted the accountability built into the program, including project inspections, leverages both state and federal funds, and undergoes oversight from utilities and the Public Utilities Commission.
- Mr. Clouthier stated that changing the cost-effectiveness testing framework could create a ripple effect that harms both the energy programs and local taxpayers, especially if families are forced to turn back to emergency welfare services.
- He stressed that the program not only lowers utility bills, but also addresses health, safety, and housing quality, and is a critical tool in helping families move toward economic stability.

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Date Hearing Report completed: April 2, 2025