HB 616-FN - AS INTRODUCED

2023 SESSION

23-0219
10/08

HOUSE BILL ***616-FN***

AN ACT relative to administration of the New Hampshire's renewable portfolio standard.

SPONSORS: Rep. McLean, Hills. 15

COMMITTEE: Science, Technology and Energy

ANALYSIS

This bill eliminates the use of the class definitions for renewable electrical generation for compliance with the renewable portfolio standard requirements, and adds Generation IV or later nuclear energy systems as a new class for the renewable energy portfolio standard.

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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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Three

AN ACT relative to administration of the New Hampshire's renewable portfolio standard.

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

1 Minimum Electric Renewable Portfolio Standard. RSA 362-F:3 is repealed and reenacted to read as follows:

362-F:3 Minimum Electric Renewable Portfolio Standards. Each provider of electricity shall obtain and retire certificates sufficient in number to meet or exceed the following percentages of total megawatt-hours of electricity supplied by the provider to its end-use customers that year, except to the extent that the provider makes payments to the renewable energy fund under RSA 362-F:10, II:

I. For 2023, 23.4 percent.

II. For 2024, 24.3 percent.

III. For 2025, and thereafter, 25.2 percent.

2 Renewable Energy Certificates; Reference to Classes Removed. Amend RSA 362-F:6, II-a to read as follows:

II-a. The department of energy shall establish a methodology to estimate the total yearly production for customer-sited sources that are net metered under RSA 362-A:9 and for which [~~class I or II~~] certificates are not issued. [~~For purposes of estimation, the department of energy shall use a capacity factor rating of 20 percent for each class I installation. The department of energy shall separately estimate class II output using a capacity factor rating equal to the annual PV Energy Forecast issued by the Distributed Generation Working Group under ISO New England, or its successor~~]. Providers of electricity required to obtain and retire certificates under RSA 362-F:3 shall receive an annual credit for such production [~~according to its class~~]. By February 28 of each year, the department of energy shall compute and make public credit percentages that are equal to the estimated production for the prior calendar year [~~in each class~~] divided by the total amount of electricity supplied by providers of electricity to end-use customers in the prior calendar year, with the result converted to a percentage. Each provider may then, at the time of its annual report filing under RSA 362-F:8, claim [~~a class I and a class II~~] certificate credit equal to the credit percentage times the total megawatt-hours of electricity supplied by the provider to its end-use customers the prior calendar year.

3 Use of Renewable Energy Certificates. Amend RSA 362-F:7, I to read as follows:

I. A certificate may be sold or otherwise exchanged by the source to which it was initially issued or by any other person or entity that acquires the certificate. A certificate may only be used once for compliance with the requirements of this chapter. It may not be used for compliance with this chapter if it has been or will be used for compliance with any similar requirements of another

non-federal jurisdiction, or otherwise sold, retired, claimed, or represented as part of any other electrical energy output or sale. Certificates shall only be used by providers of electricity for compliance with the requirements of RSA 362-F:3 in the year in which the generation represented by the certificate was produced[~~, except that unused certificates of the proper class issued for production during the prior 2 years may be used to meet up to 30 percent of a provider's requirements for a given class obligation in the current year of compliance~~].

4 Information Collection; Reference Removed. Amend RSA 362-F:8, IV to read as follows:

IV. The department of energy shall provide as part of the annual renewable energy fund report, pursuant to RSA 362-F:10, IV, renewable portfolio standard compliance costs and average electric rate impact; renewable energy certificate versus alternative compliance payments comparison; and alternative compliance payments by [~~class and~~] provider of electricity. The report shall also include the number of renewable energy certificates that were purchased during the prior compliance year [~~by class~~].

5 Renewable Energy Fund; Alternative Compliance. Amend RSA 362-F:10, I through III to read as follows:

I. There is hereby established a renewable energy fund. This nonlapsing special fund shall be continually appropriated to the department of energy to be expended in accordance with this section; provided that at the start of the period in which there is no adopted state operating budget, the department of energy shall in a timely manner seek the approval of the fiscal committee of the general court to continue using moneys from the renewable energy fund to support renewable energy rebate and grant programs in order to ensure there are no interruptions to the programs. The state treasurer shall invest the moneys deposited therein as provided by law. Income received on investments made by the state treasurer shall also be credited to the fund. All payments to be made under this section shall be deposited in the fund. [~~Any remaining moneys paid into the fund under paragraph II of this section, excluding class II moneys, shall be used by the department of energy to support thermal and electrical renewable energy initiatives. Class II moneys shall primarily be used to support solar energy technologies in New Hampshire.~~] All initiatives supported out of these funds shall be subject to audit by the department of energy as deemed necessary. All fund moneys [~~including those from class II~~] may be used to administer this chapter, but all new employee positions shall be approved by the fiscal committee of the general court. No new employees shall be hired by the department of energy due to the inclusion of useful thermal energy in class I production.

II. In lieu of meeting the portfolio requirements of RSA 362-F:3 for a given year if, and to the extent sufficient certificates are not otherwise available at a price below the amounts specified in this paragraph, an electricity provider may, at the time of report submission for that year under RSA 362-F:8, make payment to the department of energy at the [~~following rates~~] ***rate of $55*** for each megawatt-hour not met [~~for a given class obligation~~] through the acquisition of certificates[~~:~~

[~~(a) Class I $55, except for that portion of the class electric renewable portfolio standards to be met by qualifying renewable energy technologies producing useful thermal energy under RSA 362-F:3 which shall be $25 beginning January 1, 2013.~~

~~(b) Class II $55.~~

~~(c) Class III $31.50.~~

~~(d) Class IV $26.50.~~

~~III.(a) Beginning in 2013, the department of energy shall adjust these rates by January 31 of each year using the Consumer Price Index as published by the Bureau of Labor Statistics of the United States Department of Labor for classes III and IV and 1/2 of such Index for classes I and II.~~

~~(b) In lieu of the adjustments under subparagraph (a) for class III in 2015 and 2016, the class rate in each of those years shall be $45. In lieu of the adjustments under subparagraph (a) for class III in 2017, 2018, and 2019, the class rate in each of those years shall be $55.~~

~~(c) By January 31, 2020 the department of energy shall compute the 2020 class III rate to equal the rate that would have resulted in 2020 by the application of subparagraph (a) to the 2013 rate and each subsequent year's rate to 2020.~~

~~(d) In 2021 and thereafter, the class III rate shall be determined by application of subparagraph (a) to the prior year's rate~~].

6 Electric Renewable Energy Classes; Generation IV Nuclear Energy Systems Added. RSA 362-F:4, V and VI are repealed and reenacted to read as follows:

V. ClassV (Generation IV or later nuclear energy systems) shall include the production of electricity from Generation IV or later nuclear energy systems after January 1, 2024.

7 Effective Date. This act shall take effect January 1, 2024.

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HB 616-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to administration of the New Hampshire's renewable portfolio standard.

FISCAL IMPACT: [X] State [X] County [X] Local [ ] None

	Estimated Increase / (Decrease)			
STATE:	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**
Appropriation	$0	$0	$0	$0
Revenue	$0	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
Expenditures	$0	Indeterminable	Indeterminable	Indeterminable
Funding Source:	[ ] General [ ] Education [ ] Highway [X] Other - Renewable Energy Fund			

COUNTY:

Revenue	$0	$0	$0	$0
Expenditures	$0	Indeterminable	Indeterminable	Indeterminable

LOCAL:

Revenue	$0	$0	$0	$0
Expenditures	$0	Indeterminable	Indeterminable	Indeterminable

METHODOLOGY:

This bill eliminates the use of the class definitions for renewable electrical generation for compliance with the renewable portfolio standard requirements, and adds Generation IV or later nuclear energy systems as a new class for the renewable energy portfolio standard.

The Department of Energy indicates this bill would collapse all classes of the renewable portfolio standard (RPS) into a single class for the purposes of compliance with the RPS, with a fixed alternative compliance payment of $55.00 for each megawatt-hour not met through the acquisition of certificates, and strikes references to all of the associated statutes pertaining to the separate classes for compliance. In addition, the bill would add a new class of technology eligible to generate renewable energy certificates; a Class V that consists of Generation IV or later nuclear energy systems that produce electricity after January 1, 2024.

Regarding state, county, and local expenditures the fiscal impact cannot be determined. The Department states that collapsing all classes of the renewable portfolio standard for the purposes of compliance would put downward pressure on electricity prices by allowing electric

distribution utilities and competitive energy suppliers to procure renewable energy certificates from the least expensive sources rather than for specific classes. There is the potential that the cost of compliance with the RPS could increase as the renewable energy certificate markets adjust to the new compliance structure, but that would be more than offset in the medium and long term by additional and lower cost renewable energy generation coming online and selling renewable energy certificates at a lower price. However, based on the information available to the Department on the renewable energy certificate market, the Department believes if there are any short-term increases in RPS compliance costs, those increases will be minimal.

Regarding state revenue, the Department indicates, to the extent the bill would decrease the amount of alternative compliance payments made by electric distribution utilities and competitive energy suppliers, revenues to the renewable energy fund would decrease by an indeterminable amount. There would be no impact on county or local revenues.

AGENCIES CONTACTED:

Department of Energy