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January 27, 2025

Chairman Michael Vose  
House Science Technology & Energy Committee  
LOB 302-304  
Concord, NH 03301

Re: HB224 relative to rebates to ratepayers from the renewable energy fund

Dear Chairman Vose and Committee Members:

I am writing on behalf of The Nature Conservancy (TNC) to share our views on HB224, which would undermine successful efforts to spur innovation and support the development of new, local energy resources in the New Hampshire.

Since 1961 TNC has been working in New Hampshire to conserve the lands and waters on which all life depends, including engaging in energy policy. With our partners, local landowners, and the support of thousands of members, we have helped conserve and steward nearly 300,000 acres of land in New Hampshire, 680 miles of rivers and streams, and established 31 nature preserves across the state. We also work in close partnership with state agencies and the private sector on a broad range of projects, including helping communities improve infrastructure to withstand damage from extreme weather. TNC has helped bring more than \$216M in public and private investment to the state. This includes helping secure federal grants for the State and local communities and helping provide much-needed matching funds to state agencies to leverage federal funds.

The Renewable Portfolio Standard (RPS) and the Renewable Energy Fund (REF) are important policies to ensure that the state's energy needs are met consistent with competitive markets, while promoting innovation and local economic development and protecting our health, safety, and the environment. The REF is a key local source of match funding, averaging 10% of a project according to NH DOE, for energy projects that provide significant local benefits, including costs savings, to customers around the state – including municipalities, businesses, and residents. These local energy projects aren't just good for the owners and the residents of host municipalities, they also reduce our need for energy from the regional grid, which is particularly helpful during times when electricity is especially expensive. At a time when energy prices are increasingly volatile, and when this Committee is considering how to incorporate more clean energy technologies, why would we reduce our ability to incentivize these technologies?

Annual reports showing how the funds are invested are available on the NH Department of Energy's website at <https://www.energy.nh.gov/renewable-energy/renewable-energy-fund>. The 2024 REF [Report](#), submitted to this Committee on November 1, 2024, shows that since its creation in July 2009, the REF "has been utilized to fund nearly 10,000 rebates for renewable energy systems to New Hampshire homeowners, businesses, schools, towns, non-profit organizations, and other eligible entities. In addition, the competitive grant program has provided nearly \$16.4 million in funding for 56 renewable energy projects for schools, businesses and municipalities, featuring technologies from biomass heating systems to hydroelectric project upgrades, among others." (See p. 30). These projects have benefited businesses, residents, and municipalities around the state, from Raymond High School,

to the Keene Housing Authority, to resident-owned manufactured home communities in Plymouth and Bethlehem.

Unfortunately, as of end of the FY 2024, the REF had an unspent balance of funds that could be invested in our communities around the state, reducing energy bills and increasing energy independence (available at <https://www.das.nh.gov/accounting/FY%2024/Dedicated-Funds-Report-2024-11.15.24.pdf>). Perhaps this bill could be amended to direct the NH DOE to explain why, as of the end of the last Fiscal Year, the fund had a balance of over \$20M of customer funds intended for local energy projects that are not being spent. In the REF report, they conclude by saying that “demand for rebates and grant awards continues to be strong.” If there are issues with spending the funds, what are DOE’s suggestions for deploying these resources to benefit customers?

Rather than undermining the RPS and the purposes of the REF and failing to invest in innovation and energy independence, we believe it would be more prudent for the Committee to take a longer view of the State’s policy goals and energy needs, and if necessary, consider changes to the RPS and the REF that will continue efforts to encourage innovation and to provide resources to customers to invest in energy independence. This would be consistent with other bills under consideration this session, including those to expand the definition of clean energy, and those seeking to ensure that New Hampshire is poised to take advantage of modern technologies such as modular nuclear. Is rebating the REF the best path forward, or can we consider other approaches? We respectfully request that find this bill Inexpedient to Legislate, or if you move forward with this legislation, that you amend the bill to become a study committee to consider these issues further.

Respectfully,



Meredith A. Hatfield  
Associate Director for Policy & Government Relations  
The Nature Conservancy NH

**Fund Name: Renewable Energy Fund**

**Agency: Energy**

**RSA 6:12 ID# 253**

**Statutory Reference**

**RSA 362-F:10**

**House Policy Committee** Science, Technology and Energy

**Senate Policy Committee**

**Energy and Natural Resources**

**Purpose of Dedicated Fund**

Fund monies will be used by the Department of Energy (Department) to support thermal and electrical renewable energy initiatives thereby lowering dependence on fossil fuels.

**Accounting Unit 1890**

Fiscal Year	Beginning Balance	Revenue	Expenses	Other Srcs (Uses)	Ending Balance	Commitments
2024	15,277,925	8,220,112	(2,808,801)	-	20,689,236	(5,393,759)
2023	9,686,973	8,525,311	(2,934,359)	-	15,277,925	(2,997,507)
2022	8,676,814	2,471,879	(1,573,233)	-	9,575,460	(1,823,571)
2021	9,828,315	2,219,475	(3,463,953)	92,977	8,676,814	(2,641,765)

**Detailed Activities**

During the past year, and pursuant to RSA 362-F:10, the Department has 1) administered one time incentive payments to residential owners of small renewable generation facilities that began operation on or after July 1, 2008 and are located on the owners residence; 2)capped those payments to 40% of the fund over a two year period; 3)allocated at least 20% of the alternative compliance payments (ACPs) received on an annual basis to customer-sited thermal and renewable energy projects of up to 1 megawatt in gross nameplate capacity or equivalent thermal output; 4)allocated Class II monies to support primarily solar technologies; 5)allocated a minimum of 15% of funds to benefit low-moderate income residential customers; 6)issued RFPs to fund non-residential renewable energy projects; 7)reasonably balanced the allocation of funding for renewable energy initiatives over a two-year period between the residential and non-residential sectors; and 8)ensured that the funds awarded to renewable projects in the residential sector were in approximate proportion to the amount of electricity sold at retail to the residential sector.

**Revenue and Funding Source Narrative**

Providers of electricity must meet specific percentages of their supply through renewable generation. Alternative Compliance Payments (ACPs) are made by providers of electricity when renewable energy certificates from generators of renewable electricity or useful thermal energy are unavailable or their market cost exceeds the ACP values rates established by the Legislature and adjusted annually by the consumer price index. The ACPs are deposited in the Renewable Energy Fund. Between July 1 and July 15 of each year, a provider of electricity pays any ACP due for the preceding calendar year. At the close of FY23 \$8,220,112 had been collected in the REF.

**Expenses and Fund Uses Narrative**

During FY24, the Department incurred \$659,306 in administrative costs, consisting primarily of salaries and benefits for personnel assigned to the Sustainable Energy Team and the Office of Offshore Wind and Energy Innovation. For FY24, a total of \$1,253,331 was paid out in the form of: (1) rebates for residential wood pellet boilers, (2) rebates for commercial and industrial solar, (3) rebates for commercial and industrial wood pellet boilers, and (4) the residential renewable electric one-time incentive payment. In addition, the Department awarded four non-residential competitive grants totaling \$1,600,000, and five Low-Moderate Income Community Solar competitive grants totaling \$1,542,172.

**Future Funding Needs Narrative**

ACP rates are essentially a price cap on renewable energy certificates (REC). If there are no RECs available or if the price of RECs are above the ACP rate, then electricity providers can pay ACPs into the REF instead of purchasing RECs to meet Renewable Portfolio Standard obligations. The maximum costs to an electricity provider, therefore, would be those incurred if RECs were not available in the market. Revenue projections are, therefore, based on legislatively established ACP rates and an estimate of the supply of REC.

**Signed By:** Josh Elliott

**Title:** Director, Division of Policy  
and Programs

**Notes**

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