



July 23, 2014

Meredith Hatfield, Director
New Hampshire Office of Energy and Planning
Johnson Hall, 107 Pleasant Street
Concord, NH 03301

Dear Ms. Hatfield,

New Hampshire's next decade is going to pass quickly, with myriad opportunities to adopt and implement policy changes that will dramatically affect our future. Most notably, a comprehensive State Energy Strategy can become a touchstone to guide us through this period. The Jordan Institute is pleased to provide the following comments on the 2014 State Energy Strategy (Strategy) as the Energy Advisory Council (SEAC), the New Hampshire Office of Energy and Planning (OEP), and the selected consultant, Navigant, put the final touches on this important analysis and guidance.

The Jordan Institute, a non-profit organization founded in 1995 and based in Concord, advances public, environmental, and economic health by improving energy performance and resiliency in how buildings are designed, built, renovated, operated, and financed. We seek to achieve the most resilient and sustainable quality of life possible by transforming the energy and built landscape in our region.

Jordan Institute has participated in the majority of SEAC meetings, the public meeting in Plymouth, and provided comments throughout the process. While we can imagine the energy-efficient and sustainable picture painted for us through the Vision exercise, and we certainly applaud the direction the consultant takes us, we are quite concerned about the dearth of concrete guidance on how we will achieve this outcome. Indeed, certain overarching policy, cultural, and political barriers may undermine these efforts, yet they are not acknowledged in the Strategy. While this Strategy is not the place to debate New Hampshire's two-year election cycle, it is without question a variable that greatly affects continuity in public policy and energy program design. Without strong, consistent, outspoken leadership from both the Executive and Legislative branches, New Hampshire will continue to import fuel for electricity, heating, and transportation and export energy dollars that could otherwise build and strengthen our economy and physical infrastructure. Moreover, the model of how we generate and use energy is in transition, with centralized systems being replaced by distributed and more local solutions. Business As

Usual will soon become very expensive and outdated if we do not adapt and evolve in the near term. The Strategy provides a unique opportunity to provide this guidance for our next steps.

The baseline Business As Usual analysis is a crucial component of this process; Jordan Institute is not surprised that New Hampshire is off target for achieving fundamental energy goals – most demonstrably those highlighted in the Climate Action Plan and targets set in the Renewable Portfolio Standard. This point affirms our concerns that systemically we need to make significant changes in the near term to both get back on track and to reposition ourselves to achieve our longer-term objectives. Furthermore, we need to develop robust yet achievable metrics and milestones to keep us on target. These were noticeably absent from the Strategy. Without such goals and leadership from the Executive and Legislative branches, our Business As Usual trajectories shall continue flattening, in effect, sending us backward, using more fossil fuels, exporting what could be local investment, and undermining what small efforts we do make to strive for a more energy-efficient and resilient economy. New Hampshire's legislature must adopt safeguards to ensure that dedicated funds are used for their intended purposes. Although tempting, short-term and feel-good "solutions" undermine long-term challenging goals, and reallocating funds raised through policy tools such as RGGI and RPS to the general fund are very detrimental to our long-term resiliency as a state.

It is important to acknowledge New Hampshire's place within the region. We are not positioned to dictate regional goals or efforts for the electricity grid, natural gas expansion, fuel mixes for vehicles or thermal use, or expanded rail. Nevertheless, we must participate in the development of these policies and stand tall for the best long-term interests of New Hampshire, and not just short-term anticipated cost savings. Like all states, New Hampshire has diverse priorities driven by businesses, municipalities, residents. Yet, unlike other states, we have not successfully brought these sectors together to recognize and embrace the synergy that expanded energy efficiency and renewable energy development can provide, creating a win-win-win scenario. Other states and regions have adopted and implemented robust energy policies, stretch energy codes and goals, and have vibrant economies that are well positioned for future energy challenges. We continue to be vulnerable to peaking energy demand, extreme weather, and volatile energy pricing and availability.

The Strategy should recommend that New Hampshire's Legislature rescind its policy to rebate a large portion of RGGI proceeds to ratepayers. These funds can instead be leveraged to create sustainable solutions available statewide. We agree with the Strategy's recommendation that New Hampshire's Legislature should re-tune the Renewable Portfolio Standard. For the near-term, they should allow the PUC to adjust the Alternate Compliance Payments (ACP) so they align with regional ACP values and market dynamics. In the long term, New Hampshire's Legislature should develop new goals to further expand our Renewable Portfolio Standard. Many states are stretching for 80% of their electricity portfolio to come from renewable energy by 2050 and this seems quite achievable. In fact, national goals are moving in just that direction and some communities are making plans to be net-zero energy use or net-zero carbon in coming decades. By combining robust energy efficiency improvements and renewable energy projects, our economy can continue to grow while using less energy - further empowering us, and making us less vulnerable to the dynamics of fossil-fuel costs and availability.

Systemically, we need to adopt policies that keep us current and competitive. For example, the Strategy should highlight the need to adopt building code updates on their three-year cycle so that new construction and major renovations employ standards that are recognized nationally as baseline. We are hurting ourselves long term if we continue to let new construction projects use old technologies, techniques, and materials. The town of Durham consistently adopts updated model codes and enforces them. Contractors and designers comply and new construction is robust. The nagging problem of compliance with these codes and standards also needs to be solved for many municipalities. Municipalities concerned about code compliance and unfunded mandates from the State – and protected from such mandates in New Hampshire’s State Constitution, Article 28-A – will be supported if a stable funding source is dedicated to create a Building Code Ambassador program. Such a program would provide non-judgmental technical assistance, education, and resources for building professionals and code officials. Such an investment will pay significant long-term dividends. Funding this program from RGGI auction proceeds that are currently returned to ratepayers would be an excellent solution.

The Strategy did touch on the need for technical assistance but did not provide much guidance or detail in what is needed or how it should be delivered. Jordan Institute feels strongly that this oversight needs to be remedied in the Strategy. Technical assistance and informational resources – for home owners, business owners, contractors and other building professionals, policy makers, and others – provided by an independent, consistently funded, accessible, and technically savvy source is vital for our transition to a more energy-efficient and resilient future. Currently, technical assistance is provided in a haphazard, inconsistent, and self-serving way. Those who know where to find information or funding, often do so, but not always or consistently. Those who don’t know where to start, often are misinformed or do not pursue energy projects. State agencies are not funded to provide this information; non-profit organizations cannot rely on grants or philanthropy to provide consistent resources. New Hampshire’s regulated utilities provide some of this work and are capable of providing assistance as long as it relates to their energy programs. However, there is no central House that can competently and consistently field questions, connect consumers to solutions, or provide other technical assistance. This vacuum needs to be filled in the near term. Similar to the Building Code Ambassador program, funding from RGGI auction proceeds that are currently returned to ratepayers would be a viable solution.

The Strategy should also be bolder in its recommendations regarding the State leading by example. Currently approximately \$250,000 is allocated each year for energy efficiency work in State-owned buildings. This paltry budget line is dwarfed by the estimated \$50,000,000 (FIFTY MILLION DOLLARS) in projects suggested by agency personnel for more than 500 buildings. In many cases, energy-efficiency projects pay for themselves in short order. By not addressing the wasted heat and electricity in our public buildings, the State is relying on taxpayers to continually pay for energy. Further, the State should adopt a least-cost procurement policy for energy for State buildings and budget funding to start such an effort. As fleet vehicles owned by the State are replaced, hybrid and alternative fuels should be specified and purchased. Electric vehicle charging stations should be available on State properties – State-owned offices, parks, rest areas, and other locations for fleet vehicles, State employees, and the public. The Strategy should recommend all of these cost-saving solutions for near-term adoption.

New Hampshire's regulated utilities will be very involved in energy policy implementation going forward. As such, Jordan Institute looks forward to intervening on dockets related to rate design, time-of-use pricing and metering, decoupling profits from energy sales, least-cost energy procurement, grid modernization, development of more rigorous energy-savings goals, and the continuation of the CORE energy efficiency programs. Developing a comprehensive plan on how these modern utility policies interrelate and support each other will strengthen New Hampshire's economy, stabilize rates, and provide improved reliability to consumers.

Finally, it is important to recognize that while natural gas is considered inexpensive in many parts of the country, it will always be imported and volatile – price and availability wise – in New Hampshire. Jordan Institute acknowledges the temptation to invest in infrastructure in the short-term but strongly advises against being enticed. Some projections anticipate that natural gas availability will peak in a decade or two, but much of the infrastructure – pipelines, generating plants, and boilers – have expected lifetimes of forty or more years. A bridge fuel that will not be available in the coming years is frankly a bridge to nowhere. Additionally, natural gas infrastructure is prone to leaks which exacerbate greenhouse gas emission effects related to climate change and explosions. While we know that natural gas infrastructure will be built in the near term, we do strongly recommend that those investments also consider long-term availability, transition to biogases, and targeted priority uses.

We were delighted to see such attention to innovative financing solutions for the private investment in energy efficiency and renewable energy projects. This is an area that the Jordan Institute has been keenly interested in over the last few years. We are now developing the launch of a program – without public funds – specifically targeted at privately owned commercial buildings. Called C-PACE, for Property Assessed Clean Energy financing of Commercial buildings, our program will connect privately owned building owners with private financing, and tie loans to buildings not owners, through special assessments in the property tax assessment process. We anticipate first projects breaking ground in the coming months. While our focus is primarily on privately owned commercial buildings, we recognize that financing for this work in other sectors is also crucial.

This is an exciting time for New Hampshire as we envision our next steps in energy policy and direction. The Jordan Institute is both hopeful and optimistic that the guidance provided in the final Strategy will be adopted and implemented. Thank you very much for this opportunity to provide comments on the finalization of New Hampshire's State Energy Strategy.

Most sincerely,



Laura Richardson
Executive Director