Bill as Introduced

HB 1542-FN - AS INTRODUCED

2010 SESSION

10-2232 08/10

HOUSE BILL	1542-FN
AN ACT	repealing nitrogen oxide emitting generation source requirements.
SPONSORS:	Rep. Kaen, Straf 7
COMMITTEE:	Science, Technology and Energy

ANALYSIS

This bill repeals nitrogen oxide emitting generation source requirements and the nitrogen oxide emissions reduction fund in 2014.

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removed from current law appears [in brackets and struckthrough.]Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

.

HB 1542-FN - AS INTRODUCED

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Ten

AN ACT

repealing nitrogen oxide emitting generation source requirements.

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

1 Departmental Responsibilities. Amend the introductory paragraph of RSA 125-J:13, II(c) to 1 2 read as follows: (c) There is hereby established the nitrogen oxide emissions reduction fund. This 3 nonlapsing, revolving special fund shall be continually appropriated to be expended by the 4 department of environmental services in accordance with this section. The state treasurer shall 5 invest the moneys so deposited as provided by law. Interest received on investments made by the 6 state treasurer shall also be credited to the fund. All payments collected by the department under 7 this paragraph shall be deposited in the nitrogen oxide emissions reduction fund and used for the 8 administration of the department's responsibilities under this chapter and to reduce NOx 9 emissions by NOx-emitting generation sources. Fund moneys may be used for: 10 2 Repeal. The following are repealed: 11 I. RSA 125-J:1, XIX-c relative to the definition of nitrogen oxide-emitting generation sources. 12 II. RSA 125-J:13, relative to nitrogen oxide emitting generation source requirements. 13 III. RSA 125-J:14, relative to nitrogen oxide-emitting generation source rulemaking. 14 IV. RSA 6:12, I(b)(69), relative to the nitrogen oxide emissions reduction fund. 15 Transfer of Nitrogen Oxide Emissions Reduction Fund. All payments collected under 16 3 RSA 125-J:13 prior to its repeal and deposited in the nitrogen oxide emissions reduction fund shall 17 be transferred to the special account established in RSA 125-J:5, IX. 18 4 Effective Date. 19 I. Section 1 of this act shall take effect 30 days after its passage. 20 II. The remainder of this act shall take effect January 1, 2014. 21

HB 1542-FN – AS INTRODUCED - Page 2 -

LBAO 10-2232 11/30/09

HB 1542-FN - FISCAL NOTE

AN ACT repealing nitrogen oxide emitting generation source requirements.

FISCAL IMPACT:

The Department of Environmental Services states this bill will decrease state restricted revenue by \$14,697 in FY 2014. There will be no fiscal impact on county and local revenue or state, county, and local expenditures.

METHODOLOGY:

The Department of Environmental Services states this bill will repeal the nitrogen oxide emitting generation source requirements, including the annual fee payments made to the Nitrogen Oxide Emissions Reduction Fund in FY 2014. The Department assumes revenue in FY 2014 will be equal to the \$29,394 of revenue collected in FY 2009. With the January 1, 2014 effective date, the Department assumes restricted revenue will decrease by half of the FY 2009 revenue or \$14,697 in FY 2014.

This bill also allows the Department to charge the Nitrogen Oxide Emissions Reduction Fund for administrative costs until the fund is repealed. The Department has charged the Air Resources Fund for administrative costs associated with the Nitrogen Oxide Emissions Reduction Fund in the past, which is about \$10,000 each year. The fiscal impact will be a \$10,000 decrease in expenditures for the Air Resources Fund and a \$10,000 increase in expenditures for the Nitrogen Oxide Emissions Reduction Fund in FY 2010 through FY 2014. The net fiscal impact of this change will be zero.

Committee Minutes

HOUSE COMMITTEE ON WAYS AND MEANS

FULL COMMITTEE WORK SESSION ON HB 1542

BILL TITLE: repealing nitrogen oxide emitting generation source requirements.

DATE: 3/2/10

Committee Members:

Reps. (Almy, Hatch, Davis) Butynski, Vachon, Shattuck, J., Kelley, Mack, W. Johnson, S. Price, Walsh, Major, Griffin, Lockwood, Boutin, Bettencourt, (R. Ober, Ulery, Osgood and Sapareto.)

<u>Comments and Recommendations</u>: The prime sponsor, Rep. Kaen, presented the bill, and responded to questions along with DES representatives Bob Scott and Craig Wright.

Amendments:

Sponsor:	Rep.	OLS Document #:
Sponsor:	Rep.	OLS Document #:
Sponsor:	Rep.	OLS Document #:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Respectfully submitted, Millin Enternalie

Rep. William Butynski Committee Chairman/Clerk

HOUSE COMMITTEE ON WAYS AND MEANS

......

FULL COMMITTEE WORK SESSION ON HB 1542

BILL TITLE: repealing nitrogen oxide emitting generation source requirements.

DATE: 3/2/10

٠

<u>Subcommittee Members</u> :	Reps Almy Hatch Davis Butynski, Vachon Shattuck, J. Kelley, Mack W. Johnson, S. Price, Walsh Major Griffin Lockwood, Boutin, Bettencourt R. Ober, Ulery, Osgood and Veres Schweter
Comments and Recomment	adations: The prince Sperce Rep Kaen precented the bill, and along with DES representatives Bit Scott and Craig Whight.
Amendments:	·
Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:
Moved by Rep.	ITL, Retained (Please circle one.)
Seconded by Rep.	
Vote:	
Motions: OTP, OTP/A,	ITL, Retained (Please circle one.)
Moved by Rep.	
Seconded by Rep.	
Vote:	
Ļ	Respectfully submitted, Rep. {Type NAME} Sabcommittee Chairman/Clerk

3/2/10 mHB 1542



The State of New Hampshire DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

March 2, 2010

The Honorable Susan Almy, Chairman, and Members House Ways and Means Committee Legislative Office Building, Room 202 Concord, NH 03301

Re: HB 1542-FN relative to repealing nitrogen oxide emitting generation source requirements

Dear Chairman Almy and Members of the Committee:

The Department of Environmental Services (DES) is pleased to offer testimony in support of House Bill 1542-FN, which would repeal the Nitrogen Oxide (NOx)-Emitting Generation Source requirements, effective January 2014. House Bill 1542-FN also amends RSA 125-J:13, II (c), to provide that DES can use the funds for the time it spends administering the requirements in the current law until such time as it is repealed.

The provisions in RSA 125-J that apply to NOx-emitting generation sources were adopted in 1999 (Chapter 343). In enacting the law, the General Court found that: "due to high retail electric rates in the state that businesses had sought to control their electric costs by use of internal combustion engine electricity generators that run on fossil fuels." As stated in the purpose section, the General Court also found that: "[t]hese generators have increased nitrogen oxide (NOx) emissions and use of additional units has the future potential to substantially increase such emissions and to increase electric rates for customers purchasing electricity from sources subject to more stringent NOx regulations."

As currently defined, there are 5 categories of generators that are exempt from the law. These exemptions apply to emergency generators, generators that provide start-up or temporary power to a facility that generates electric power for use of sale, portable generators, generators at facilities that emit less than 5 tons of NOx per calendar year, and generators located in an area where electrical power is not reasonably or, considering the type of power needed by the user, reliably available. In addition, the law provided that NOx-emitting generation sources that were in existence as of July 1, 1999 and had an air permit from DES were exempt from the requirements of the law until November 18, 2007 and sources that had applied for an air permit as of May 1, 1999, but had not been issued a permit as of July 1, 1999, were exempt from the requirements of the law until November 18, 2005.

The law then established a program whereby sources that were defined as NOx-Emitting Generation Sources were required to pay up to \$1,000 for every ton of NOx emissions above 7 pounds of NOx emitted per megawatt-hour of electricity produced. The law also established a non-lapsing, revolving special fund and set forth uses for the money deposited into the fund. To date, no money from the fund has been expended and there is currently a net balance of approximately \$90,000 in the fund.

During the past 10 years since the law went into effect, EPA has adopted a more stringent set of standards for comparable new generators. For example, when the law went into effect, NOx emissions from these generators were approximately 35 pounds per megawatt-hour of electricity produced. Under the current federal rules, as of 2006, new generators can emit no more that 14 pounds of NOx per megawatt-hour of electricity produced and by 2014 new generators will be required to emit no more than 1.5 pounds of NOx per megawatt-hour of electricity produced. The current fleet of devices will eventually be replaced with these new, lower emitting generators. Given that the federal requirements for the installation of new devices in 2014 will be more stringent than the current state law no further devices will qualify for payment into this fund.

Further, due to a number of factors, not the least of which includes the number and nature of exemptions in the law and the complexity of calculating the actual emissions that are subject to the fee provisions, DES has found that there is a significant administrative burden associated with implementing the law. Accordingly, the provisions of RSA 125-J that apply to these generators has a decreasing environmental benefit with a high administrative burden for DES. Under the bill, DES will be allowed to recover its administrative cost until such time that the program is repealed in 2014. Any funds remaining at that time will be transferred to the special account established in RSA 125-J:5, IX for the acquisition and generation of Emission Reduction Credits (ERCs) for future economic development.

Thank you for the opportunity to provide testimony. Should you have further questions or need additional information, please feel free to contact Robert R. Scott, Director, Air Resources Division (271-1088, <u>robert.scott@des.nh.gov</u>) or Craig A. Wright, Assistant Director, Air Resources Division (271-6791, <u>craig.wright@des.nh.gov</u>).

Sincerely,

mand Zunet

Thomas S. Burack Commissioner

cc: HB 1542-FN Sponsors

Speakers

SIGN UP SHEET

To Register Opinion If Not Speaking

12-16 Bill # _ Date an ċ Committee <u>Muer</u> OL 10 1 HAL

** Please Print All Information **

				(check	
Name	Address	Phone	Representing	Pro	Con
App pale Coli	24	431-7651	Representing	\checkmark	
P/	• · · · · · · · · · · · · · · · · · · ·	, , ,			
	<u></u>		<u></u>		
	·····	······································			
		······································	······································		
	,				
	<u></u>				
			· · · · · · · · · · · · · · · · · · ·		

Hearing Minutes

HOUSE COMMITTEE ON SCIENCE, TECHNOLOGY AND ENERGY

PUBLIC HEARING ON HB 1542-FN

BILL TITLE: relative to the issuance of air permits and certain fees relative to air permits.

DATE:

LOB ROOM: 304 Time Public Hearing Called to Order: 1:06 pm

Time Adjourned: 1:25 pm

(please circle if present)

Committee Members: Reps Raen S. Harvey, Cali-Pitts, Borden, Friedrich, Levasseu, Lisle, Matheson Pastor, Read, Townsend, Introne, C. Garrity, Devine, Tahio, Remise, Holden and Rappaport

Bill Sponsors: Rep. Kaen

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. Naida Kaen, sponsor – Repeals nitrogen oxide. Funds presently \$90 thousand. By 2014 the law will be superseded; in the state there was a concern that electricity would gain many more people off the Grid with more NOx being produced. Fund will be used by DES to ???

***Bob Scott and Craig Wright, NH DES** – Cost use is up in the administrator cost. Will comment on money HB 1251.

Q: Rep. Robert Introne – How does this apply to this NOx emissions?

A: 27 sources small lumber mills; using their own power. For example, Velcro company.

Q: Rep. Introne - These small engines give off NOx gasses; does this money defray the cost?

A: Not in the law. Use the money to apply to programs to reduce NOx gasses.

Q: Rep. Remick - How do they use the money for small wood mills; rock crushing operations?

A: Small powered sources are not covered if they can be moved around to another location.

Q: Rep. Frank Holden - We have monies; who does the administration of the money?

A: 10K/year.

Rep. Laurence Rappaport - Federal regulations set law?

A: Yes, the federal regulations sets the tone of the law.

Q: Rep. Jim Garrity – Does chair of finance committee understand this law? A: Yes.

Q: Rep. Holden - Only for electric uses do they tie up the grid?

A: Yes, this is only for those who are unable to get on the grid.

Q: Rep. Holden - Biomass use this program.

Q: Rep. William Remick - Mobile use?

A: Do not use this program; it is not for use of trains or buses.

Respectfully Submitted:

and

James E. Devine, Acting Clerk

HOUSE COMMITTEE ON SCIENCE, TECHNOLOGY AND ENERGY

PUBLIC HEARING ON HB 1542-FN

relative to the issuance of air permits and certain fees relative to air BILL TITLE: permits.

1-12-10 DATE:

304 LOB ROOM:

.

Time Adjourned: 1:25

Time Public Hearing Called to Order: 1:06

(please circle if present) Char Cali-Pitts Borden Friedrich, Levasseur, Lisle,) Committee Members: Reps. Kaer S. Harvey Matheson, Pastor) Read, Townsend Introng 4. Garrity Devine Tahir, Remich, Holden and Rappaport

Bill Sponsors: Rep. Kaen

TESTIMONY

Use asterisk if written testimony and/or amendments are submitted. *

Rp N, KAEN ISTOPANKED Bob Scott 2nd Spenkerth Des

Page 1 TED 1-12-10 START TIME 1:06 HB 1542-FN Chair Person S. Harvey Handout in statue Relevant Rep N, KAEN repeals NITrogen Oxide Funds presently \$ 90 thousand by 2014 this LAW WILL be Superceded thestold their was A concern that Elecric Generation would Cause mony more People Togo off Grid with much more Nox being produced: Find will be used By Pes To reduce Nox emmittions Speaker (2) Reascott of DAS & CIAIG Wright see handout speaker 2 Income is useur in Administrator cost we will comment on money use in House bill 125 Pep Futhone How does this Apply To - Nex emmittions 27 Sources Small Lumber mills Using there Dan Dower, Frankle Velerow CD Velerow CD _____ RED FINTAINE these ENGINS . . GIVE OF NOX GASSES Does this money de Fray the cost Ansfris Not , w the Low

And Scott we use the Money To Apply To Programs To reduce Nox GASSES Rep Remisch how do therose the money For small wood mills Rock Crusing operations Ans Scall Small Power Can be Moved Around To another Location Rep Holdon we induce monsile of who does the Administration OF the Movies ANS Scott we have (tok the Administration) 10 thousand dollars A Year And JES abec the Administration Rep Rapport Fed Regs Bet how Ves The Federal Law does of the Torie Rep Garrity Does Charo OF Findance Convince under stand this Ams Wes Rep Holden Grid poly For electric uses dothy The up the Yes this is only For the unable to get on Grid: Rep E Holder Do BIO MASS USE THIS Program P Mobly USO, donot use this PROGRAM Not For this USEOF TRANS OF B SCS Rep Bi Remic.

2

Testimony

125-J:1 Definitions. – In this chapter:

...

XIX-c. "NOx-emitting generation source" means any internal combustion engine or combustion turbine which generates electricity for use or sale, except for sources which meet the definition of a NOx budget source. NOx-emitting generation source shall not include any generators which:

(a) Serve as an electrical or mechanical power source when the primary power source is unavailable;

(b) Are used as a start-up or a temporary supply of power to a facility which generates electricity for use or sale;

(c) Are used as a portable generator;

(d) Emit, in total from the facility, 5 tons of NOx or less per calendar year; or

(e) Are located in an area where electrical power is not reasonably or, considering the type of power needed by the user, reliably available.

.....

125-J:13 NOx-Emitting Generation Source Requirements. -

I. Each NOx-emitting generation source emitting more than 7 pounds of NOx per megawatt hour generated shall be required to supply to the department NOx emissions information, and the amount of kilowatt hours actually produced during each period listed in subparagraph II(b). Additionally, except as provided either by paragraph I or II of this section, each NOx-emitting generation source shall acquire NOx budget allowances, emissions reduction credits, or other emissions reduction mechanisms on the same basis as a NOx budget source for all of its NOx emissions. However, NOx-emitting generation sources shall not be required to acquire NOx budget allowances, emissions reduction credits, or use emissions reduction mechanisms for the first 7 pounds of NOx emitted for each megawatt-hour of electricity produced and any amounts of NOx above such first 7 pounds that are attributable to the provision of other, non-electric services provided by the generating source, including but not limited to, steam and heat, and any amounts of NOx emitted during any period when the NOx-emitting generation source is operating to provide power during a power shortage at the request of any governmental authority or provider of electrical power to the public generally.

II. (a) NOx-emitting generation sources may, at the option of the generation source, make a direct payment for each ton of NOx emitted which would otherwise require the acquisition and use of emissions reduction mechanisms in accordance with paragraph I, in lieu of acquiring emissions reduction mechanisms.

(b) The payment provided for in subparagraph II(a) shall be made annually and shall be equal to the number of tons of NOx emitted by the NOx-emitting generation source, less the tons of NOx not requiring emission reduction mechanisms under paragraph I, times a fee of \$200 per ton for tons emitted during the period running May 1 to September 30 and a fee of \$100 per ton for tons emitted during the period running October 1 to April 30. These fees shall be multiplied by:

(1) Zero for tons emitted prior to January 1, 2000.

(2) One for tons emitted between January 1, 2000 and June 30, 2000, inclusive.

(3) Two for tons emitted between July 1, 2000 and June 30, 2001, inclusive.

(4) Three for tons emitted between July 1, 2001 and June 30, 2002, inclusive.

From Rep Naida Kacn

"AGE

(5) Four for tons emitted between July 1, 2002 and June 30, 2003, inclusive.

(6) Five for tons emitted on or after July 1, 2003, so that fees for the May 1 to September 30 period are capped at \$1,000 per ton and the fees for the October 1 to April 30 period are capped at \$500 per ton after July 1, 2003.

(c) There is hereby established the nitrogen oxide emissions reduction fund. This nonlapsing, revolving special fund shall be continually appropriated to be expended by the department of environmental services in accordance with this section. The state treasurer shall invest the moneys so deposited as provided by law. Interest received on investments made by the state treasurer shall also be credited to the fund. All payments collected by the department under this paragraph shall be deposited in the nitrogen oxide emissions reduction fund and used to reduce NOx emissions by NOx-emitting generation sources. Fund moneys may be used for:

(1) The acquisition and retirement of NOx emissions reduction mechanisms by the department;

(2) Financial assistance for the purchase of NOx-emitting generation source equipment to obtain NOx emissions reductions from NOx-emitting generation sources located within the state, including but not limited to new technologies for such emissions control; and

(3) Refunds to NOx-emitting generation sources in proportion to their electric generation. (d) If any governmental authority imposes NOx emissions reduction requirements applicable to facilities that are also NOx-emitting generation sources, then any emission reductions produced or secured under paragraph I shall be credited as emission reductions produced or secured by the NOx-emitting generation sources that made the reduction and any emission reductions produced or secured under paragraph II shall be credited as emission reductions produced or secured under paragraph II shall be credited as emission reductions produced or secured by all NOx-emitting generation sources in proportion to their payments to the dedicated fund.

III. The provisions of paragraphs I and II shall not apply:

(a) For a period of 8 years from the effective date of this section, to any electricity generating source which existed as of July 1, 1999, was permitted by the department, whether on a temporary or permanent basis, including any permit renewal or modification, whether applied for or issued, pertaining to any such generating source; and

(b) For a period of 6 years from the effective date of this section, to any electricity generating source which, as of May 1, 1999, filed an application for a permit with the division containing substantial but not necessarily complete information; and

(c) To any electricity generating source which replaces an electricity generating source described in subparagraph III(a) or (b) above and which emits fewer pounds of NOx per kilowatt-hour than the electricity generating source described in subparagraph III(a) or (b) above, but only for the period of time remaining in the exemption applicable to the replaced electrical generation source, as determined by the department, and only to the extent of the generating capacity of the replaced electrical generation source.

Source. 1999, 343:3, eff. Nov. 18, 1999.

125-J:14 NOx-Emitting Generation Source Rulemaking. – The commissioner shall adopt rules under RSA 541-A relative to:

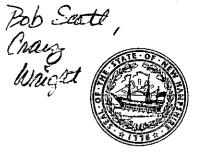
I. Forms and procedures for submission of kilowatt hour data required by RSA 125-J:13, I, payments under RSA 125-J:13, II, and forms, procedures, and identification of NOx emissions information required by RSA 125-J:13, I; and

II. Forms, procedures, administration, and use of the nitrogen oxide emissions reduction fund. Source. 1999, 343:3, eff. Nov. 18, 1999.

SPEAKER (2) 1-12-10

1542-FN

The State of New Hampshire DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

January 12, 2010

The Honorable Naida Kaen, Chairman House Science, Technology, and Energy Committee Legislative Office Building, Room 304 Concord, NH 03301

Re: HB 1542-FN relative to repealing nitrogen oxide emitting generation source requirements

Dear Chairman Kaen and Members of the Committee:

The Department of Environmental Services (DES) is pleased to offer testimony in support of House Bill 1542-FN, which would repeal the Nitrogen Oxide (NOx)-Emitting Generation Source requirements, effective January 2014. House Bill 1542-FN also amends RSA 125-J:13, II (c), to provide that DES can use the funds for the time it spends administering the requirements in the current law until such time as it is repealed.

The provisions in RSA 125-J that apply to NOx-emitting generation sources were adopted in 1999 (Chapter 343). In enacting the law, the General Court found that: "due to high retail electric rates in the state that businesses had sought to control their electric costs by use of internal combustion engine electricity generators that run on fossil fuels." As stated in the purpose section, the General Court also found that: "[t]hese generators have increased nitrogen oxide (NOx) emissions and use of additional units has the future potential to substantially increase such emissions and to increase electric rates for customers purchasing electricity from sources subject to more stringent NOx regulations."

As currently defined, there are 5 categories of generators that are exempt from the law. These exemptions apply to emergency generators, generators that provide start-up or temporary power to a facility that generates electric power for use of sale, portable generators, generators at facilities that emit less than 5 tons of NOx per calendar year, and generators located in an area where electrical power is not reasonably or, considering the type of power needed by the user, reliably available. In addition, the law provided that NOx-emitting generation sources that were in existence as of July 1, 1999 and had an air permit from DES were exempt from the requirements of the law until November 18, 2007 and sources that had applied for an air permit as of May 1, 1999, but had not been issued a permit as of July 1, 1999, were exempt from the requirements of the law until November 18, 2005.

The law then established a program whereby sources that were defined as NOx-Emitting Generation Sources were required to pay up to \$1,000 for every ton of NOx emissions above 7 pounds of NOx emitted per megawatt-hour of electricity produced. The law also established a non-lapsing, revolving special fund and set forth uses for the money deposited into the fund. To date, no money from the fund has been expended and there is currently a net balance of approximately \$90,000 in the fund.

During the past 10 years since the law went into effect, EPA has adopted a more stringent set of standards for comparable new generators. For example, when the law went into effect, NOx emissions from these generators were approximately 35 pounds per megawatt-hour of electricity produced. Under the current federal rules, as of 2006, new generators can emit no more that 14 pounds of NOx per megawatt-hour of electricity produced and by 2014 new generators will be required to emit no more than 1.5 pounds of NOx per megawatt-hour of electricity produced. The current fleet of devices will eventually be replaced with these new, lower emitting generators. Given that the federal requirements for the installation of new devices in 2014 will be more stringent than the current state law no further devices will qualify for payment into this fund.

Further, due to a number of factors, not the least of which includes the number and nature of exemptions in the law and the complexity of calculating the actual emissions that are subject to the fee provisions, DES has found that there is a significant administrative burden associated with implementing the law. Accordingly, the provisions of RSA 125-J that apply to these generators has a decreasing environmental benefit with a high administrative burden for DES. Under the bill, DES will be allowed to recover its administrative cost until such time that the program is repealed in 2014. Any funds remaining at that time will be transferred to the special account established in RSA 125-J:5, IX for the acquisition and generation of Emission Reduction Credits (ERCs) for future economic development.

Thank you for the opportunity to provide testimony. Should you have further questions or need additional information, please feel free to contact Robert R. Scott, Director, Air Resources Division (271-1088, <u>robert.scott@des.nh.gov</u>) or Craig A. Wright, Assistant Director, Air Resources Division (271-6791, <u>craig.wright@des.nh.gov</u>).

Sincerely,

homas A. Bmach

Thomas S. Burack Commissioner



The State of New Hampshire DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

January 12, 2010

The Honorable Naida Kaen, Chairman House Science, Technology, and Energy Committee Legislative Office Building, Room 304 Concord, NH 03301

Re: HB 1542-FN relative to repealing nitrogen oxide emitting generation source requirements

Dear Chairman Kaen and Members of the Committee:

The Department of Environmental Services (DES) is pleased to offer testimony in support of House Bill 1542-FN, which would repeal the Nitrogen Oxide (NOx)-Emitting Generation Source requirements, effective January 2014. House Bill 1542-FN also amends RSA 125-J:13, II (c), to provide that DES can use the funds for the time it spends administering the requirements in the current law until such time as it is repealed.

The provisions in RSA 125-J that apply to NOx-emitting generation sources were adopted in 1999 (Chapter 343). In enacting the law, the General Court found that: "due to high retail electric rates in the state that businesses had sought to control their electric costs by use of internal combustion engine electricity generators that run on fossil fuels." As stated in the purpose section, the General Court also found that: "[t]hese generators have increased nitrogen oxide (NOx) emissions and use of additional units has the future potential to substantially increase such emissions and to increase electric rates for customers purchasing electricity from sources subject to more stringent NOx regulations."

As currently defined, there are 5 categories of generators that are exempt from the law. These exemptions apply to emergency generators, generators that provide start-up or temporary power to a facility that generates electric power for use of sale, portable generators, generators at facilities that emit less than 5 tons of NOx per calendar year, and generators located in an area where electrical power is not reasonably or, considering the type of power needed by the user, reliably available. In addition, the law provided that NOx-emitting generation sources that were in existence as of July 1, 1999 and had an air permit from DES were exempt from the requirements of the law until November 18, 2007 and sources that had applied for an air permit as of May 1, 1999, but had not been issued a permit as of July 1, 1999, were exempt from the requirements of the law until November 18, 2005.

The law then established a program whereby sources that were defined as NOx-Emitting Generation Sources were required to pay up to \$1,000 for every ton of NOx

DES Web site: www.des.nh.gov P.O. Box 95, 29 Hazen Drive, Concord, New Hampshire 03302-0095 Telephone: (603) 271-1370 • Fax: (603) 271-1381 • TDD Access: Relay NH 1-800-735-2964 emissions above 7 pounds of NOx emitted per megawatt-hour of electricity produced. The law also established a non-lapsing, revolving special fund and set forth uses for the money deposited into the fund. To date, no money from the fund has been expended and there is currently a net balance of approximately \$90,000 in the fund.

During the past 10 years since the law went into effect, EPA has adopted a more stringent set of standards for comparable new generators. For example, when the law went into effect, NOx emissions from these generators were approximately 35 pounds per megawatt-hour of electricity produced. Under the current federal rules, as of 2006, new generators can emit no more that 14 pounds of NOx per megawatt-hour of electricity produced and by 2014 new generators will be required to emit no more than 1.5 pounds of NOx per megawatt-hour of electricity produced. The current fleet of devices will eventually be replaced with these new, lower emitting generators. Given that the federal requirements for the installation of new devices in 2014 will be more stringent than the current state law no further devices will qualify for payment into this fund.

Further, due to a number of factors, not the least of which includes the number and nature of exemptions in the law and the complexity of calculating the actual emissions that are subject to the fee provisions, DES has found that there is a significant administrative burden associated with implementing the law. Accordingly, the provisions of RSA 125-J that apply to these generators has a decreasing environmental benefit with a high administrative burden for DES. Under the bill, DES will be allowed to recover its administrative cost until such time that the program is repealed in 2014. Any funds remaining at that time will be transferred to the special account established in RSA 125-J:5, IX for the acquisition and generation of Emission Reduction Credits (ERCs) for future economic development.

Thank you for the opportunity to provide testimony. Should you have further questions or need additional information, please feel free to contact Robert R. Scott, Director, Air Resources Division (271-1088, <u>robert.scott@des.nh.gov</u>) or Craig A. Wright, Assistant Director, Air Resources Division (271-6791, <u>craig.wright@des.nh.gov</u>).

Sincerely,

Thomas & Broach

Thomas S. Burack Commissioner

Voting Sheets

HOUSE COMMITTEE ON SCIENCE, TECHNOLOGY AND ENERGY

EXECUTIVE SESSION on HB 1542-FN

BILL TITLE: repealing nitrogen oxide emitting generation source requirements.

DATE: 1-20-10

LOB ROOM: 304

Amendments:

Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

Motions: OTP OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Kaen

Seconded by Rep. Harvey

Vote: 14-0 (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: Consent or Regular (Circle One)

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. James E. Devine, Clerk

HOUSE COMMITTEE ON SCIENCE, TECHNOLOGY AND ENERGY

EXECUTIVE SESSION on HB 1542-FN

BILL TITLE: repealing nitrogen oxide emitting generation source requirements.

DATE: 1-20-10

LOB ROOM: 304 Rapparport, Amendments: OLS Document #: Sponsor: Rep. OLS Document #: Sponsor: Rep. OLS Document #: Sponsor: Rep. OTP, OTP/A, ITL, Interim Study (Please circle one.) Motions: Moved by Rep. Kacn Seconded by Rep. Han Very 14 - 0 consent (Please attach record of roll call vote.) Vote: OTP, OTP/A, ITL, Interim Study (Please circle one.) Motions: Moved by Rep. Seconded by Rep. Vote: (Please attach record of roll call vote.) CONSENT CALENDAR VOTE: Consent/or Regular (Circle One) (Vote to place on Consent Calendar must be unanimous.) Refer to Committee Report **Statement of Intent**: Respectfully submitted, Rep. David A. Borden, Clerk TEDEVINE For DAB

OFFICE OF THE HOUSE CLERK

2010 SESSION

SCIENCE.	TECHNOLOGY	AND	ENERGY
Source,	TEOHIODOOT	mu	TRUTHTOLI

.....

.

Interference Amendment #: MEMBER YEAS NAY aen, Naida L, Chairman Image: Straight of S	PH Date://	Exec Sessio	n Date: _/_/20/
MEMBER YEAS NAY aen, Naida L, Chairman ////////////////////////////////////	Motion: OTP		
arvey, Suzanne, V Chairman		• • • • • • • • • • • • • • • • • • • •	NAYS
ali-Pitts, Jacqueline A	Kaen, Naida L, Chairman		
orden, David A, Clerk riedrich, Carol H vasseur, Nickolas J isle, Carolyn M latheson, Robert F ead, Robin P astor, Beatriz ownsend, Charles L trone, Robert E varrity, James M evine, James E ahir, Saghir A emick, William J olden, Frank R i vanto islame is	Harvey, Suzanne, V Chairman	~	
riedrich, Carol H	Cali-Pitts, Jacqueline A	V	
evasseur, Nickolas J isle, Carolyn M Iatheson, Robert F ead, Robin P astor, Beatriz ownsend, Charles L trone, Robert E arrity, James M evine, James E ahir, Saghir A emick, William J olden, Frank R appaport, Laurence M 14) 0 TAL VOTE:	Borden, David A, Clerk	V	
isle, Carolyn M	Friedrich, Carol H	V	
Iatheson, Robert F Image: Construct of the second seco	Levasseur, Nickolas J		
Iatheson, Robert F ead, Robin P astor, Beatriz ownsend, Charles L atrone, Robert E arrity, James M evine, James E ahir, Saghir A emick, William J olden, Frank R appaport, Laurence M	Lisle, Carolyn M		
astor, Beatriz ownsend, Charles L itrone, Robert E irrone, Robert E irrone, James M evine, James E ahir, Saghir A irrone emick, William J irrone iolden, Frank R irrone intervent interven	Matheson, Robert F		
ownsend, Charles L Image: Constraint of the second secon	Read, Robin P		
atrone, Robert E arrity, James M evine, James E ahir, Saghir A emick, William J colden, Frank R appaport, Laurence M	Pastor, Beatriz	······	
arrity, James M evine, James E ahir, Saghir A emick, William J folden, Frank R appaport, Laurence M 14 0 OTAL VOTE:	Townsend, Charles L		
evine, James E ahir, Saghir A emick, William J folden, Frank R appaport, Laurence M 124 OTAL VOTE:	Introne, Robert E		
ahir, Saghir A V emick, William J V olden, Frank R V appaport, Laurence M V 12) O OTAL VOTE:	Garrity, James M		
emick, William J olden, Frank R appaport, Laurence M 14 0 OTAL VOTE:	Devine, James E		
colden, Frank R V appaport, Laurence M I I I I I O I	Tahir, Saghir A		
appaport, Laurence M	Remick, William J		
(1 ²)	Holden, Frank R		
(1 ²)	Rappaport, Laurence M		
OTAL VOTE:			
OTAL VOTE:		124	
minted: 19/18/2009	TOTAL VOTE: Printed: 12/18/2009		

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 1542

BILL TITLE:repealing nitrogen oxide emitting generation source requirements.DATE:3/16/10

LOB ROOM: 202

Amendments:

\$

Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:

Motions: OTP. OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Kelley

Seconded by Rep. Griffin

Vote: 16-0 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

OK CONSENT CALENDAR VOTE:

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent:

Refer to Committee Report

Respectfully submitted, Minu Bulynski, Clerk

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 1542

BILL TITLE: repealing nitrogen oxide emitting generation source requirements. DATE: 3/16/10

LOB ROOM: 202

Amendments:

Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:

Motions	
Ν	loved by Rep. Kelley
S	econded by Rep 6 nothin

Vote: 150 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

(Please attach record of roll call vote.)

CONSENT CALENDAR VOTE:

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent:

Refer to Committee Report

Respectfully submitted,

Rep. William Butynski, Clerk

OTTION OF THE HOODE ODERES

2010 010001010

Bill #: HB 1542 Title: hefealing	4	
PH Date: 3/2/10	Exec Session Dat	te: <u>3116110</u>
Motion: OTP by Kelley + Mac	k Amendment #:	
MEMBER	YEAS	NAYS
Almy, Susan W, Chairman		
Hatch, William A, V Chairman		
Davis, Frank W		
Butynski, William, Clerk		· · · · · · · · · · · · · · · · · · ·
Vachon, Dennis P		
Shattuck, Gilman	1	
Kelley, John D		n (a de la constante de la const
Mack, Ron J		
Johnson, William G		
Price, Susan G		
Walsh, Robert M		
Major, Norman L. Gulf	V	· · · · · · · · · · · · · · · · · · ·
Griffin Mary E hull f		
Lockwood, Priscilla P		<u></u>
Boutin, David R -		······
Bettencourt, David J		
Ober, Russell T		
Sapareto, Frank V		
Jlery, Jordan G		
Dsgood, Joe		
	16	0
FOTAL VOTE:		
Printed: 12/18/2009		

_ _ ...

Committee Report

CONSENT CALENDAR

January 27, 2010

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on <u>SCIENCE, TECHNOLOGY AND</u>

ENERGY to which was referred HB1542-FN,

AN ACT repealing nitrogen oxide emitting generation source requirements. Having considered the same, report the same with the recommendation that the bill OUGHT TO PASS.

Rep. Naida L Kaen

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	SCIENCE, TECHNOLOGY AND ENERGY
Bill Number:	HB1542-FN
Title:	repealing nitrogen oxide emitting generation source requirements.
Date:	January 20, 2010
Consent Calendar:	YES
Recommendation:	OUGHT TO PASS

STATEMENT OF INTENT

This bill does two things. It repeals New Hampshire law effective in 2014 when that law will be superceded by more stringent federal law in regard to some small sources of nitrogen oxide emissions. It also permits the department of environmental services to be compensated for enforcement activities pertaining to these sources effective 30 days from passage.

Vote 14-0.

Rep. Naida L Kaen FOR THE COMMITTEE

CONSENT CALENDAR

SCIENCE, TECHNOLOGY AND ENERGY

HB1542-FN, repealing nitrogen oxide emitting generation source requirements. OUGHT TO PASS.

Rep. Naida L Kaen for SCIENCE, TECHNOLOGY AND ENERGY. This bill does two things. It repeals New Hampshire law effective in 2014 when that law will be superceded by more stringent federal law in regard to some small sources of nitrogen oxide emissions. It also permits the department of environmental services to be compensated for enforcement activities pertaining to these sources effective 30 days from passage. Vote 14-0.

Original: House Clerk Cc: Committee Bill File

OTP 14-0 Consent calendar HB1542 This bill does two things. It repeals New Hangohere law effective in 2014 when that law will be superceded by more stringent federal law in regard to some small sources of pisthogen oxide emissions. It also permits the department of environmental services to be compensated for enforcement activities pertaining to these sources effective 30 days from passage. Narth Kaen TOPS FORM 7526 Lino in U.S.A

CONSENT CALENDAR

March 23, 2010

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on <u>WAYS AND MEANS</u> to which was referred HB1542-FN,

AN ACT repealing nitrogen oxide emitting generation source requirements. Having considered the same, report the same with the recommendation that the bill OUGHT TO PASS.

Rep. John D Kelley

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	WAYS AND MEANS
Bill Number:	HB1542-FN
Title:	repealing nitrogen oxide emitting generation source requirements.
Date:	March 16, 2010
Consent Calendar:	YES
Recommendation:	OUGHT TO PASS

STATEMENT OF INTENT

The bill repeals the nitrogen oxide emitting generation source requirements and the nitrogen emission reduction fund in 2014. The bill requires the funds put in the nitrogen oxide emissions reduction fund be used for the administration of the department's responsibilities under this chapter until 2014. The remaining funds in the fund in 2014 will be transferred to the air resources fund where they will be used for emissions reductions.

Vote 16-0.

Rep. John D Kelley FOR THE COMMITTEE

CONSENT CALENDAR

WAYS AND MEANS

HB1542-FN, repealing nitrogen oxide emitting generation source requirements. OUGHT TO PASS.

Rep. John D Kelley for WAYS AND MEANS. The bill repeals the nitrogen oxide emitting generation source requirements and the nitrogen emission reduction fund in 2014. The bill requires the funds put in the nitrogen oxide emissions reduction fund be used for the administration of the department's responsibilities under this chapter until 2014. The remaining funds in the fund in 2014 will be transferred to the air resources fund where they will be used for emissions reductions.

Vote 16-0.

HB 1542-FN – Majority Report

The bill repeals the nitrogen oxide emitting generation source requirements and the nitrogen emission reduction fund in 2014. The bill requires the funds put in the nitrogen oxide emissions reduction fund be used for the administration of the department's responsibilities under this chapter until 2014. The remaining funds in the fund in 2014 will be transferred to the air resources fund where they will be used for emissions reductions.

Rep. John Kelley

COMMITTEE:	Ways and means Committee
BILL NUMBER	2: <u>1542-FN</u>
TITLE:	An act repealing nitrogen opice emitting
	generation sauce requirements
DATE:	$\frac{3}{6}$
	OUGHT TO PASS
	OUGHT TO PASS W/ AMENDMENT Amendment No.
,	INEXPEDIENT TO LEGISLATE
· · ·	INTERIM STUDY (Available only 2 nd year of biennium)
STATEMENT (DF INTENT:
The till,	repeals The mitrogen oficer emitting generation source
requiren	ents and the nitrogen emission reductor fund
in 2014. 9	The bill requires the funds put in the nitrogen
opide e	missions reduction fund be used for the administra
·of the.	lepartment à responsibilités under this chapter
until 201	4. The remaining funds in the find in 2014 will
be transfe	med to the air Resources Fund, where they will b
used for ac	nissions reductions
COMMITTEE	VOTE: <u>16-8</u>
	RESPECTFULLY SUBMITTED,
Copy to Commi Use Another Re	apart for Minority Report
	Rep Rep Rep

.

•