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PUBLIC UTILITIES COMMISSION

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March 10, 2021

VIA EMAIL-ONLY

Chairman Lynne Ober
Finance Committee, Division I
New Hampshire House of Representatives

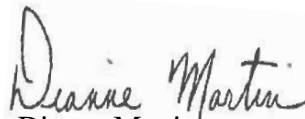
Dear Chairman Ober:

The Regional Greenhouse Gas Initiative (RGGI) constitutes a portion of the Public Utilities Commission's budget (AU5453). RGGI is a multi-state, market-based cap and trade system in which fossil fuel fired power plants purchase allowances to emit carbon. These allowances are purchased through auctions that are held quarterly. The proceeds from the auctions are allocated to the participating states. In the auction held in September, 2020 allowances sold for \$6.82 each. New Hampshire was allocated 3.1 million allowances. The resulting revenue to New Hampshire is \$21,142,000. The Public Utilities Commission used this recent auction as an estimate for the FY22 and FY23 efficiency budget which results in an increase over the FY 2021 appropriation of \$13,000,026 of \$8,141,974 per fiscal year.

This increase in RGGI budget revenues reflects the anticipated future market conditions for allowances and does not translate to an increase in state spending. Essentially, RGGI revenues (i.e., auction proceeds) pass through the Commission's AU5453 budget to support on-bill credits, energy efficiency programs, and administrative expenses. More specifically, the first dollar of each allowance proceed supports the low-income energy efficiency program, the municipal energy efficiency program, the all-fuels program, (all of which are administered by NHSaves) and administrative costs. Auction proceeds above \$1 per allowance are rebated to electric customers as an on-bill credit. Administrative costs are budgeted in FY22 at approximately \$332,000, approximately \$13,700 over FY21, the majority of the expense is associated with a transfer to the Department of Environmental Services (\$319,607) for the contract with RGGI, Inc. and DES personnel services.

Please let me know if you have any questions or need additional information.

Respectfully Submitted,


Dianne Martin
Chairwoman

Cc: Matthew Mailloux, Governor's Budget Director