

# RGGI's Role in New Hampshire

## Economic, Health and Energy Bill Impacts

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### Introduction

The Regional Greenhouse Gas Initiative (RGGI) has now been in effect for nine years in New Hampshire and the numbers tell a clear story: RGGI has produced substantial benefits—not just for the environment—but for the economy, the workforce, and public health.

### RGGI Investments in New Hampshire

Independent analyses of RGGI's first two control periods (2009-2011 and 2012-2014, respectively) have shown the macroeconomic and employment benefits to New Hampshire from the state's investment of RGGI auction revenue.<sup>1</sup> As Table 1 shows, most of New Hampshire's RGGI revenue has been used to fund energy efficiency programs with additional funds used for ratepayer assistance.

Table 1: New Hampshire Investment of RGGI Auction Revenue, 2009-2014

Investment Period	Education and Job Training	Direct Bill Assistance	General Fund	Energy Efficiency	GHG Programs and Program Administration	Total
1 <sup>st</sup> Control Period (2009-2011)	\$1,181,506	-	\$9,272,116	\$21,483,151	\$998,939	\$32,935,712
2 <sup>nd</sup> Control Period (2012-2014)	-	\$18,520,278	-	\$22,255,248	\$839,613	\$41,615,139
<b>Total (through 2014)</b>	<b>\$1,181,506</b>	<b>\$18,520,278</b>	<b>\$9,272,116</b>	<b>\$43,738,399</b>	<b>\$1,838,552</b>	<b>\$74,550,851</b>

RGGI has driven considerable economic growth in New Hampshire, largely as a result of reinvestment of program revenue. Table 2 describes RGGI's macroeconomic and employment impacts on the state.<sup>1</sup>

Table 2: RGGI's Impact on the New Hampshire Economy, 2009-2014

Investment Period	Value Added (Million Dollars)	Employment Created (Job-Years)
1 <sup>st</sup> Control Period (2009-2011)	\$17	458
2 <sup>nd</sup> Control Period (2012-2014)	\$67.3	583
<b>Total (through 2014)</b>	<b>\$84.3</b>	<b>1,041</b>

## Health Impacts

Measures taken to reduce power sector CO<sub>2</sub> emissions also result in reduced emissions of harmful co-pollutants like SO<sub>2</sub>, NO<sub>x</sub>, mercury, ozone and particulate matter (P.M.<sub>2.5</sub>). Emissions reductions attributable to RGGI have made New Hampshire's air cleaner, its residents healthier and its workforce more productive. **From 2009 to 2014, reductions in harmful pollutants have saved New Hampshire \$66 to \$148 million in health costs from avoided asthma cases, heart attacks, infant and adult mortality, fewer hospital visits and lost work days.**<sup>ii</sup>

## Energy Efficiency

To-date, most of New Hampshire's RGGI revenue has been used to fund energy efficiency programs. In terms of cost savings, energy efficiency investments yield a uniquely high return in the energy sector: NHSaves electric efficiency programs deliver energy savings at 77% lower costs than the price of buying more power.<sup>iii</sup> Region-wide RGGI investments in energy efficiency through 2015 total \$1.06 billion, and those measures plus other RGGI-funded programs are expected to result in lifetime energy bill savings of \$7.08 billion.<sup>iv</sup> New Hampshire's current use of RGGI auction revenue continues to provide benefits for the state, but the relatively small portion of funds directed towards energy efficiency prevents New Hampshire from maximizing the potential benefits of RGGI participation. Fully investing RGGI auction revenue into the cost effective NHSaves programs will help low income and other customers save money and alleviate the long wait lists for the popular weatherization programs.

## Electricity Rate Impacts

New Hampshire Department of Environmental Services (DES) and the Public Utility Commission (PUC) concluded that RGGI accounted for "less than five one hundredths of a percent of total default energy costs,"<sup>v</sup> and that is without accounting for RGGI-funded investments that would lower those costs. More broadly, average electricity rates have declined across the RGGI region by 6.4% from 2008 (the year before RGGI began) to 2016, while the rest of the country has experienced a 6.2% increase.<sup>vi</sup> While New Hampshire retail electricity rates have increased from 2008 to 2017, the average annual increase has been modest and due to increased transmission and distribution charges, not increases in the default service rate. The data suggests that market factors other than RGGI are responsible for New Hampshire's slight increase in electricity rates and generally tracks with the cost of natural gas. If New Hampshire continues to fall behind other states in efficiency investments, its share of the rising regional transmission costs will increase.

As DES and PUC have previously noted, RGGI repeal in New Hampshire would be unlikely to result in lower electric rates due to the dynamics of the regional energy market. RGGI's impact on the wholesale electricity price in New England is determined by the marginal (price-setting) power plants, which are primarily located in the southern New England states. The only significant impact of previously proposed RGGI repeal would be a loss of approximately \$14 million in annual funds for rebates and reinvestment in New Hampshire. While the cost to residential customers in NH averaged 21 cents per month, this cost is offset by efficiency investments that lower both individual customer demand and electricity usage region-wide.

## For more information:

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- <sup>i</sup> *The Economic Impacts of the Regional Greenhouse Gas Initiative on Nine Northeast and Mid-Atlantic States*, Analysis Group, July 2015. [http://www.analysisgroup.com/uploadedfiles/content/insights/publishing/analysis\\_group\\_rggi\\_report\\_july\\_2015.pdf](http://www.analysisgroup.com/uploadedfiles/content/insights/publishing/analysis_group_rggi_report_july_2015.pdf) and *The Economic Impacts of the Regional Greenhouse Gas Initiative on Ten Northeast and Mid-Atlantic States*, Analysis Group, November 2011.
- <sup>ii</sup> *Analysis of the Public Health Impacts of the Regional Greenhouse Gas Initiative*, Abt Associates, January 2017. <http://abtassociates.com/RGGI>
- <sup>iii</sup> *2017 New Hampshire Statewide Energy Efficiency Plan*, NHPUC Docket DE 14-216, December 2016.
- <sup>iv</sup> *The Investment of RGGI Proceeds Through 2015*, RGGI, Inc., September 2017. [https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI\\_Proceeds\\_Report\\_2015.pdf](https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2015.pdf)
- <sup>v</sup> HB 592-FN-FISCAL NOTE, January 19, 2017. [http://gencourt.state.nh.us/bill\\_status/billtext.aspx?id=514](http://gencourt.state.nh.us/bill_status/billtext.aspx?id=514)
- <sup>vi</sup> *Outpacing the Nation: RGGI Environmental and Economic Success*, Acadia Center, September 2017. [https://acadiacenter.org/wp-content/uploads/2017/09/Acadia-Center\\_RGGI-Report\\_Outpacing-the-Nation.pdf](https://acadiacenter.org/wp-content/uploads/2017/09/Acadia-Center_RGGI-Report_Outpacing-the-Nation.pdf)