

OCA Residential Advisory Board
Meeting Minutes
November 5, 2007

Present for the Board:

Lawrence Kelly
Otis Perry
Claira Monier
Rick Russman
Kenneth Mailloux
Louis Pare
Gloria Seldin
Dwayne Wrightsman

Present for the OCA:

Meredith A. Hatfield
Ken E. Traum
Rorie E.P. Hollenberg
Stephen R. Eckberg
Christina Martin

Guests:

Robert Scott and Joanne Morin, DES Air Resources Division
Lynn Tillotson, Technical Business Manager, and Donna Gamache, PSNH

Mr. Kelly declared a quorum and the meeting began at 2:10 pm.

1. Review and Approve Minutes

Mr. Pare moved to approve both the public and non-public minutes of the September Board meeting. Ms. Monier seconded the motion, and the minutes were unanimously approved without change.

2. Regional Greenhouse Gas Initiative (RGGI) Legislation

The Board introduced themselves to the guests. Ms. Hatfield began with a brief background of RGGI legislation and history.

Ms. Tillotson explained that there are six generation stations in New Hampshire that would be affected by the RGGI legislation, located in Bow (coal), Portsmouth (coal and wood), Newington (natural gas/oil) and Londonderry (natural gas). PSNH owns the plants in Bow and Portsmouth.

Mr. Scott provided handouts to the Board. The handouts included:

- Frequently Asked Questions regarding RGGI prepared by NH DES with the assistance of the University of NH dated October 29, 2007
- Net Utility Cost Impact – All Utilities
- Modeled PSNH Net Costs
- Modeled Other Utility Net Costs
- Overall NH Economic-Wide Impact by 2018 (NH RGGI-REMI Econometric Modeling Results)
- DRAFT Version of Economic Impact in NH of the RGGI: An Independent Assessment prepared by UNH Ross Gittell, Ph.D. & Matt Magnusson, MBA, dated October 2007
- Key Elements of RGGI Memorandum of Understanding prepared by NH Department of Environmental Services, dated September 24, 2007
- Summary of RGGI Bill (LSR 2008-H-2166-R) prepared by NH Department of Environmental Services, dated October 3, 2007.
- RGGI bill dated 9-24-07
- Potential Revenue Generated from Auctioning of Allowances dated 10/4/07
- Power Point Presentation by Joanne Morin of DES dated October 23, 2007
- DRAFT Title X Public Health – Chapter 125-O Multiple Pollutant Reduction Program prepared by DES, dated September 24, 2007.

Mr. Scott explained that DES is working with several stakeholders on the RGGI legislation, LSR number 2166 (now HB1434). He briefly explained the history of RGGI and other states that have signed on to RGGI. Mr. Scott informed the Board that ten states, including NH have signed a Memorandum of Understanding that details the initiative and agreements made by the states.

Ms. Morin described how RGGI is a “cap and trade” system. RGGI sets a carbon dioxide (CO₂) limit on generation plants within a 10-state region. Power plants that emit CO₂ would be required to either reduce emissions or purchase allowances in order to emit the pollutant. Ms. Morin described the process of auctioning and selling the allowances. She also stated that the bill directs the PUC to administer the funds from this auction process, to the benefit of ratepayers through efficiency programs. She explained that some stakeholders would prefer a national program instead of a regional program, but at this time the Northeast is the first region on the country moving forward with a climate change program. Ms. Seldin asked who would monitor the initiative. Ms. Morin explained that DES is anticipating that there will be a board to monitor the initiative. Ms. Morin also detailed the types of offsets that would qualify in response to a question from Mr. Perry.

Ms. Seldin asked what causes the CO₂ pollution problem and asked if it would be valuable to educate ordinary citizens to let them know how they can help. Ms. Morin clarified that RGGI is only addressing one part of the problem by focusing on electric power generation. Other sources of CO₂ include cars and trucks, industrial processes, and home heating. She said that she thinks that consumer

education needs to be a part of any program to reduce CO₂. Mr. Kelly reiterated the point and agreed with Ms. Seldin's suggestion for consumer education.

Ms. Tillotson explained that PSNH was looking the bill and trying to find a balance between compliance and costs. The most difficult challenges for them have been to make electricity available at the least cost. One key difference between CO₂ and other pollutants is that there are fewer options available to remove CO₂ from a power plant's emissions – there is not yet “scrubber” technology like that for sulfur dioxide (SO_x) scrubber. PSNH plans to continue to work with DES and other stakeholders on this legislation to address the issue of the costs of allowances. Ms. Tillotson said that PSNH has concerns about the auction because of the cost to consumers and that the legislation needs to be very carefully worded so that the auction will be done right. She wants to assure that the money stays with the consumers and is not going to be a mechanism for investors to simply make money. Mr. Traum asked if PSNH opposes RGGI. Ms. Tillotson said they do not necessarily oppose; they just want to be careful about the details so that the allocation and auction process are designed properly.

Discussions continued on the details of RGGI and how it will affect NH ratepayers and the environment. One important issue is how the auction proceeds are used. Discussion has included the options of using the proceeds to pay a rebate to customers, to cut business taxes, to fund energy efficiency initiatives, or to help the utility with the costs of complying with RGGI. More discussion needs to occur on this issue between the stakeholders. The energy efficiency programs in this legislation are fuel neutral, relate to all new and existing buildings and are geared towards peak reduction, which would be an important addition to the existing electric and gas programs.

Action Item

- *Ms. Hatfield stated that if there are new revisions for this bill the OCA will track them and share the revisions with the Board.*
- *More discussion needs to occur between the stakeholders about the auction process, and the how the proceeds will be used to benefit ratepayers.*

The RGGI presentation ended at 3:40 pm.

Mr. Kelly announced the confirmation, by the Governor and the Executive Council, of Ms. Hatfield to a four-year term as Consumer Advocate.

3. Telecommunications Highlights

DT 07-011 Verizon/FairPoint

Ms. Hatfield updated the Board about the Verizon/FairPoint case and how the nine days of hearings went. She commended Ms. Hollenberg for her work on the

case, and thanked Mr. Traum and Mr. Eckberg for their work on all other cases. Christina and Lisa ably supported the office throughout the case.

DT 07-027 TDS AFOR

Mr. Traum stated that the testimony of Staff, NH Legal Assistance and the OCA are all very similar with regard to the lack of competition for TDS landlines or Plain Old Telephone Service (POTS). The hearings will be held during the first week of December.

4. Updates

DW 04-048

Mr. Traum stated that the eminent domain proceedings are now in the briefing stage.

DE 07-097 & DE 07-096

Mr. Traum stated that the net impact of PSNH's energy and stranded cost charge changes effective January 1, 2008 and will probably be a small increase.

Ms. Hatfield noted that the 2008 Legislative session is coming soon. We will discuss new bills at the January Board meeting.

5. Other Topics

Mr. Kelly advocated skipping the December meeting due to conflicts including the holiday schedules of the Board members. The next meeting will be held on Monday January 7th.

Action Item

- *Mr. Kelly asked the Board members to think about how the Board works and ways to improve communication in the coming year.*

Ms. Martin mentioned that the OCA recently published its Fall newsletter, which is posted on our website. She invited any feedback from the Board.

Action Item

Ms. Hatfield suggested writing about RGGI in the first 2008 newsletter.

Motion to adjourn, seconded, and meeting adjourned at 3:55 pm.