



Joe Fontaine  
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December 27, 2006

RE: RGGI Economic Impact Modeling Scenarios

Dear Joe,

Thank you for making the opportunity available to provide suggestions as to RGGI modeling scenario bounds for work being done for DES. Here are our comments:

1. Modeling should cover the waterfront on allowance auctioning: from 0 to 100 percent, perhaps in 25 percent increments.
2. Auction proceeds impacts should be modeled for 100, 75 and 50 percent used for energy efficiency investments, the balance to customer rebates, with investments allocated among the customer classes (residential, commercial, industrial) according to proportionate electricity consumption among the classes.
3. Given the reasonable potential for passage of a NH RPS law in 2007, modeling should not include use of proceeds for renewables development.
4. EE investments should be modeled at \$30 million per year and at \$45 million per year, inflation adjusted going forward. \$30 million would roughly double current non-gas EE investment in our state. \$45 million would roughly triple it. Auction of 100 percent of allowances with 100 percent of proceeds used for EE would yield between \$17 and \$43 million dollars (at \$2 and \$5 per ton CO<sub>2</sub>) at New Hampshire's 8.6 million ton RGGI cap. See attached comparison with EE programs among states in our region.
5. To accommodate risk of unpredictable auction results, a three-year phase in could be modeled, with the first year at 50 percent of the full year-three percentage.

Sincerely,

A handwritten signature in black ink, appearing to read "JR", with a long, sweeping flourish extending to the right.

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Relative EE Program Investment in the Region  
All Millions

	EE Program Investment, 2005	Electricity Retail Sales, MW/hr, 2005	EE/Sales Ratio
New York	244	150.15	1.63
New Jersey*	103	81.9	1.26
Massachusetts*	145	57.23	2.53
Connecticut	62	33.1	1.87
Rhode Island	22	8.05	2.73
Vermont*	19	5.88	3.23
New Hampshire	16.42	11.24	1.46
Maine	11	12.36	0.89
Total	622.42	359.91	1.73

\* includes gas

sources: <http://www.des.nh.gov/ard/climatechange/docs/NEEP.ppt#425,6,Slide 6>

[http://www.eia.doe.gov/cneaf/electricity/epa/sales\\_state.xls](http://www.eia.doe.gov/cneaf/electricity/epa/sales_state.xls)

<http://www.puc.state.nh.us/Electric/coreenergyefficiencyprograms.htm>, Full Year, 2005