



BUSINESS & INDUSTRY ASSOCIATION
New Hampshire's Statewide
Chamber of Commerce

November 9, 2020

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

RE: Docket No. DE 20-092 2021-2023 Energy Efficiency Plan

Dear Ms. Howland:

I'm writing to express the Business & Industry Association's (BIA) concerns regarding the significant proposed increases in the system benefits charge (SBC) as part of the 2021-2023 Energy Efficiency Plan in Docket DE 20-092.

As you know, BIA is New Hampshire's statewide chamber of commerce and leading business advocate. We also serve as the New Hampshire Manufacturing Association and are the official affiliate of the National Association of Manufacturers. We represent over 400 leading employers across the state in a variety of industries. Member firms employ 89,000 people in New Hampshire, which represents one in seven jobs, and contribute \$4.5 billion annually to the state's economy. Many of our members are large energy consumers in manufacturing, healthcare (i.e. hospitals), financial service companies with office properties or branches throughout the state, and post-secondary institutions with large campuses (and large energy bills).

The 2021-2023 Energy Efficiency Plan includes ambitious goals to reduce overall electricity usage by 5%, resulting in an estimated \$1.3 billion in energy savings. BIA believes the projected savings resulting from SBC increases do not outweigh the negative effect of their costs. This is especially true given economic uncertainty brought on by the coronavirus pandemic.

The plan proposes to fund energy efficiency programs primarily through SBC increases among commercial and industrial (C&I) ratepayers. Over the next three years these increases would grow to between roughly one-half cent to 1.7 cents per kWh over 2020 SBC rates (70%-227% higher than current rates), depending upon service territory. Consequently, all businesses will spend more on electricity, with some large energy users forced to spend a half a million dollars or more per year. Electricity costs in New Hampshire are already among the highest in the country. As of August 2020 (latest data available from the US Energy Information

Administration), New Hampshire's average electricity prices for industrial customers are over 80% higher than the national average (7th highest in the country).

The fact is that when businesses such as manufacturers (who drive New Hampshire's economy in ways no other sector does) decide whether and where to grow or expand operations, one of the most significant factors is the cost of electricity. By pushing our high energy prices even higher, other states will become more competitive options for New Hampshire businesses to locate or grow. We've witnessed this happen in the past. We shouldn't be encouraging more of it through higher electricity prices and costs. As New Hampshire businesses grow in other states, New Hampshire's economy will suffer at the very time policy makers should focus on helping employers through the harsh effects of the pandemic.

A recent survey of BIA members showed that nearly 70% of respondents lost revenue during the pandemic (nearly 30% said they've lost between 26-50% of revenue). Money that employers will spend on the proposed SBC increases could otherwise be used to stabilize and grow operations, including adding employees.

SBC increases are not one-time expenses born by employers. They build upon themselves and are likely to be a part of electricity costs over the long haul. This is because energy efficiency projects are losing their margin of return, resulting in fewer projects with high efficiency yield. As such, the next triennial energy efficiency plan will likely include more SBC increases to pay for energy efficiency projects that are more expensive yet yield less in savings.

BIA appreciates the work that went into the creation of this plan by many stakeholders. We support energy efficiency, but a more modest approach to the proposed SBC increases is required. Increasing costs this substantially and rapidly for C&I customers is bad for employers and the state's economy, especially in the midst of a pandemic.

Best Regards,



Jim Roche
President

C: Governor Christopher Sununu
Senator Donna Soucy
Senator Chuck Morse
Speaker Steve Shurtleff
Representative Dick Hinch