

CHAPTER 279
SB 424-FN - FINAL VERSION

02/24/2022 0786s
05/26/2022 2098EBA

2022 SESSION

22-2878
12/05

SENATE BILL ***424-FN***

AN ACT relative to renewable energy and natural gas.

SPONSORS: Sen. Bradley, Dist 3; Sen. Watters, Dist 4; Sen. Avar, Dist 12; Sen. Sherman, Dist 24; Sen. Giuda, Dist 2; Rep. Somssich, Rock. 27; Rep. Vose, Rock. 9; Rep. Deshaies, Carr. 6

COMMITTEE: Energy and Natural Resources

ANALYSIS

This bill authorizes the recovery of costs related to a utility's procurement of natural gas, and other qualified investments, upon approval of the public utilities commission.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struck through.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Two

AN ACT relative to renewable energy and natural gas.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 279:1 Legislative Findings and Purpose.

2 I. The general court finds that:

3 (a) Renewable natural gas can provide benefits to gas utility customers and to the public, by
4 offsetting or reducing naturally-occurring emissions and waste streams, including offsetting conventional
5 natural gas use.

6 (b) The development of renewable natural gas resources is consistent with and supports
7 the objectives of the New Hampshire energy policy as stated in RSA 378:37.

8 (c) The purpose of this act is to encourage the procurement of renewable natural gas and
9 investment in renewable natural gas infrastructure by gas utilities, provided that the public utilities
10 commission finds utility proposals to be in the public interest.

11 II. The general court therefore declares that:

12 (a) Gas utilities may procure renewable natural gas and invest in renewable natural gas
13 infrastructure.

14 (b) Any regulation of the procurement of renewable natural gas and investments in
15 renewable natural gas infrastructure should be consistent with the purposes of this act.

16 (c) The commission may approve recovery of prudently incurred costs related to procuring
17 renewable natural gas and recovery of and return on qualified investments in renewable natural gas
18 infrastructure by a gas utility.

19 279:2 New Chapter; Procurement of Renewable Natural Gas. Amend RSA by inserting after chapter
20 362-H the following new chapter:

CHAPTER 362-I

PROCUREMENT OF RENEWABLE NATURAL GAS

23 362-I:1 Definitions. In this chapter:

24 I. "Biogas" means a mixture of carbon dioxide and hydrocarbons, primarily methane gas,
25 released from the biological decomposition of organic materials.

26 II. "Biomass gasification" means a technology that uses a controlled process involving heat,
27 steam, and oxygen to convert biomass fuels, as defined in RSA 362-F:2, II, to hydrogen and other
28 products, including methane, without combustion.

29 III. "Carbon offsets" means carbon emissions or other greenhouse gas (GHG) emissions
30 measured in metric tons that are avoided through the development of projects that reduce GHG emissions
31 that would not have been developed otherwise.

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1 IV. "Carbon oxides" means a class of organic compounds containing only carbon and oxygen,
2 including carbon monoxide and carbon dioxide.

3 V. "Commission" means the New Hampshire public utilities commission.

4 VI. "Environmental attribute" means any credits, benefits, offsets or allowances, or words of
5 similar import or regulatory effect, including allowances under all applicable trading, compliance, or
6 budget programs, or any other federal, state, or regional emission, renewable energy, or energy
7 conservation trading or budget program associated with renewable natural gas.

8 VII. "Gas utility" means a public utility providing gas service to customers under RSA 362:2.

9 VIII. "Incremental cost" means any value received by a gas utility upon the resale of renewable
10 natural gas, including any environmental attributes associated with the renewable natural gas, and any
11 savings achieved through avoidance of conventional gas purchases or development, such as avoided
12 pipeline costs or carbon emission reduction costs, through avoidance of capacity costs or avoidance of
13 any other costs to be realized from the procurement of renewable natural gas or qualified investment.

14 IX. "Qualified investment" means any capital investment in renewable natural gas infrastructure
15 incurred by a gas utility for the purpose of providing gas service under this chapter.

16 X. "Renewable energy" means hydroelectric, geothermal, solar, wind, tidal, wave, biomass, and
17 biogas energy.

18 XI. "Renewable natural gas" or "RNG" means any of the following products processed to meet
19 pipeline quality standards or transportation fuel grade requirements, which may include environmental
20 attributes derived from renewable natural gas or carbon offset products:

21 (a) Biogas that is upgraded to meet natural gas pipeline quality standards such that it may
22 blend with, or substitute for, geologic natural gas;

23 (b) Fuel produced by biomass gasification processes;

24 (c) Hydrogen gas derived from clean energy; or

25 (d) Methane gas derived from any combination of biogas, hydrogen gas or carbon oxides
26 derived from renewable energy, or waste carbon dioxide.

27 XII. "Renewable natural gas infrastructure" means equipment and facilities necessary to receive
28 and inject renewable natural gas into the pipeline distribution system by a gas utility.

29 362-I:2 Procurement of Renewable Natural Gas and Investment in Renewable Natural Gas
30 Infrastructure by Gas Utilities.

31 I. The commission may approve, upon the filing of a petition by a gas utility, recovery of costs
32 related to prudent utility procurement of renewable natural gas and any qualified investment, including the
33 use of an associated cost recovery mechanism, if the commission determines that it is in the public
34 interest to do so after notice and hearing pursuant to RSA 541-A.

35 II. Determination of the public interest under paragraph I shall include consideration of, and each
36 utility filing pursuant to this chapter shall include a detailed description of, the following:

37 (a) The monetary benefits of the proposal to the utility customers and the state, such as the
38 value of any environmental attributes or carbon offsets, relative to the incremental cost to gas utility
39 customers necessary to achieve those benefits.

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1 (b) The extent to which the proposal advances the objectives of the energy policy of the state
2 under RSA 378:37, the state's 10-year energy strategy, or other state policy, including enhancing
3 consumer choice and improving gas system resiliency through diversification of supply options.

4 III. All utilities that elect to purchase renewable natural gas shall conduct a competitive bidding
5 process through requests for proposals (RFPs) for renewable natural gas supply and shall consult with
6 the department of energy on all issues related to RFPs.

7 IV. In any given year, renewable natural gas shall not exceed 5 percent of a gas utility's total gas
8 volume delivered. Unless approved by the department of energy, renewable natural gas contracts shall
9 not exceed 15 years.

10 V. The department of energy, in consultation with the utilities, shall study each utility's renewable
11 natural gas contracts. Said study shall begin within 3 years of the effective date of this chapter. The
12 study shall include, but not be limited to market terms, price, conditions, availability, service quality,
13 economic benefits to participating and non-participating customers, and job creation as a result from the
14 utility's use of renewable natural gas. The department of energy shall generate and deliver a report on
15 their findings to the speaker of the house of representatives, the senate president, the house clerk, the
16 senate clerk, and the public utilities commission. The cost of this study shall be funded by a special
17 assessment upon the utility or utilities purchasing renewable natural gas and the commission shall
18 approve the utilities' recovery of costs related to said study.

19 VI. Nothing in this chapter shall require a gas utility to initiate a proceeding with the commission
20 pursuant to this chapter, and nothing in this chapter shall relieve the utility from demonstrating the
21 prudence of contracts entered into prior to cost recovery from customers in permanent rates.

22 279:3 Rates and Charges; Low Cost Energy Planning. Amend RSA 378:39, II to read as follows:

23 II. Renewable energy sources, *including renewable natural gas as defined in RSA 362-I,*

24 279:4 Effective Date. This act shall take effect upon its passage.

Approved: June 24, 2022
Effective Date: June 24, 2022

