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New Hampshire and the American Clean Energy and Security Act

Committee on Energy and Commerce

On June 26, 2009, the U.S. House of Representatives approved H.R. 2454, the American Clean Energy and Security Act (ACES). The legislation would create millions of new clean energy jobs, enhance America's energy independence, and protect the environment. And it would reduce the deficit by billions of dollars over the next decade.

At the national level, government and other experts have documented the job creation, oil savings, consumer cost savings, and pollution reduction that would result from enactment of ACES. A recent economic analysis at New York University concluded: "from almost any perspective and under almost any assumption, H.R. 2454 is a good investment for the United States to make in our own economic future and in the future of the planet."[1]

Estimates from the Congressional Budget Office, the Environmental Protection Agency, and the Energy Information Agency predict that the per-household costs of the bill will be less than 50 cents per day in 2020 ($74 to $160 annually).[2] These estimates do not take into account the benefits of curbing global warming. They also do not take into account the full energy savings resulting from the investments ACES makes in energy efficiency, which the American Council for an Energy Efficient Economy estimates will be $215 annually per household by 2020.[3]

This fact sheet provides a brief overview of how the legislation would affect the state of New Hampshire.

Investments in Clean Energy Programs in New Hampshire. ACES will invest over $550 million in clean energy programs in New Hampshire by 2020.[4] These funds could be used to pay for renewable energy projects, energy efficient building retrofits, home appliance upgrades, and clean and efficient transportation improvements. Over the period 2012 to 2020, ACES will invest $60 million to $85 million in New Hampshire each year. Specifically, ACES would provide:

- **Over $25 million per year for investments in energy efficiency, renewable energy, and low carbon transportation.** The largest portion of funds provided by ACES can be used by states to transition to a clean energy economy. States will receive carbon allowances worth $2.8 billion to $3.9 billion each year to be used for projects that improve energy efficiency, deploy renewable energy and smart grid technologies, or reduce transportation-related emissions. New Hampshire's share is $25 to $35 million annually.

- **Over $10 million per year for renewable energy manufacturing and deployment.** States will receive carbon allowances worth $1.2 billion to $1.6 billion each year to deploy renewable energy generation or to establish facilities that manufacture renewable energy technologies. New Hampshire's share is $10 to $15 million annually.

- **Over $10 million per year to improve energy efficiency in buildings.** States will receive carbon allowances worth $1.5 billion to $2.2 billion each year to improve the energy efficiency of buildings through implementation of building energy codes, building retrofit assistance and

upgrades of manufactured homes. Funds may also be used for additional clean energy activities in low-income communities. New Hampshire's share is $10 to $20 million annually.

- **Over $5 million per year for adaptation projects.** States will receive carbon allowances worth $900 million to $1.5 billion to adapt to climate impacts that are already occurring or are expected to occur. These funds can be used for activities such as agriculture and water management, as well as for the protection of wildlife and natural ecosystems. New Hampshire's share is $5 to $10 million annually.

- **Over $5 million for local governments.** Local governments will receive carbon allowances worth $700 million to $1 billion each year to invest in local energy efficiency programs and the deployment of local renewable energy technology. The share for local governments in New Hampshire is $5 to $10 million annually.

National Programs that Benefit New Hampshire. In addition, ACES makes several national investments that will benefit New Hampshire. Over the period 2012 through 2025, ACES would provide:

- **$22 billion in advanced energy research.** These funds will support eight regional Energy Innovation Hubs where university researchers, private researchers, and industry can cooperate to develop clean energy technologies. The funds can also be used to support innovative energy technologies through the Advanced Research Projects Agency-Energy (ARPA-E).

- **$1 billion for agricultural and renewable energy incentives.** These funds will be used by the Environmental Protection Agency and the U.S. Department of Agriculture to support supplemental activities in agriculture and to invest in infrastructure to help deploy biofuels and other renewable energy.

- **Up to $8 billion per year in a domestic offset market.** ACES creates a national domestic offset market in which New Hampshire's farmers and forest owners could participate to generate a new source of income when they cut emissions.

- **Up to $15 billion per year to promote domestic clean energy manufacturing.** ACES authorizes the creation of a Clean Energy Manufacturing Revolving Loan Fund to award grants to states to establish revolving loan funds for small and medium-sized manufacturers to improve energy efficiency and produce clean energy technology. It also creates partnerships to help manufacturers find new markets, improve competitiveness, reduce global warming pollution, and adopt innovative manufacturing technologies.

Promoting Economic Growth in New Hampshire. ACES will have demonstrable benefits for New Hampshire's economy. A recent university study concluded that New Hampshire could gain 5,000 to 7,000 more jobs by 2020 as a result of comprehensive clean energy policy.[5] It also concluded that New Hampshire's gross domestic product would be $200 million to $300 million higher with clean energy policy than without.

Other Benefits for New Hampshire. ACES has other important benefits for the nation and New Hampshire. One is greater energy independence. ACES contains provisions to make vehicles more efficient, retool factories to build the next generation of vehicles, electrify the transportation sector, design more efficient communities, develop next-generation biofuels, save oil in homes and factories, and help to

increase recovery from existing oil reserves. Clean energy policies like those in the legislation have the potential to save 4 to 7 million barrels of oil per day by 2030, two to three times the oil we currently import from the Persian Gulf.[6]

A second essential benefit is reducing the environmental damage caused by unchecked global warming. Climate change could cut the winter snow season in half, reducing tourism revenue from winter sports. Conditions for maple/beech/birch forests will shift dramatically northward, eventually leaving only a small portion of the Northeast suitable for maple syrup production. Milk and fruit production are also expected to suffer.[7] By late this century, residents of New Hampshire could experience summers like those of North Carolina today.

None of the estimates of the costs and benefits of the legislation take into account the benefits to the nation and New Hampshire of increased energy independence and a more stable climate.

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[1] Institute for Policy Integrity, New York University School of Law, *The Other Side of the Coin: The Economic Benefits of Climate Legislation* (September 2009) (online at http://www.policyintegrity.org/documents/OtherSideoftheCoin.pdf).

[2] Environmental Protection Agency, *EPA Analysis of the American Clean Energy and Security Act of 2009, H.R. 2454 in the 111th Congress* (January 29, 2010) (online at http://www.epa.gov/climatechange/economics/pdfs/HR2454_SupplementalAnalysis.pdf), Energy Information Administration, *Energy Market and Economic Impacts of H.R. 2454, the American Clean Energy and Security Act of 2009* (August 4, 2009) (online at http://www.eia.doe.gov/oiaf/servicerpt/hr2454/index.html), and Testimony of Douglas Elmendorf, Congressional Budget Office before the Senate Committee on Energy and Natural Resources (Oct. 14, 2009) (online at http://www.cbo.gov/doc.cfm?index=10561&type=1).

[3] American Council for an Energy Efficient Economy, *Energy Efficiency in the American Clean Energy and Security Act of 2009: Impacts of Current Provisions and Opportunities to Enhance the Legislation* (online at http://www.aceee.org/pubs/e096.htm).

[4] Estimates are based upon allowance prices from the Congressional Budget Office, adjusted to 2009 dollars. Changes in population, energy consumption, or allowance value will impact actual allowance value.

[5] College of Natural Resources, University of California - Berkeley, *Clean Energy and Climate Policy for U.S. Growth and Job Creation* (October 2009) (online at http://are.berkeley.edu/~dwrh/CERES_Web/Docs/ES_DRHFK091025.pdf).

[6] EPA, *Analysis of the Transportation Sector: Greenhouse Gas and Oil Reduction Scenarios*, (Feb. 2, 2010) (online at www.epa.gov/otaq/climate/publications.htm#basic) and EIA, *U.S. Total Crude Oil and Products Imports* (June 29, 2009) (online at http://tonto.eia.doe.gov/dnav/pet/pet_move_impcus_a2_nus_ep00_im0_mbblpd_a.htm).

[7] U.S. Global Change Research Program, *Global Climate Change Impacts in the United States* (2009) (online at www.globalchange.gov/images/cir/pdf/northeast.pdf).