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**Environment
Northeast**

Contact:

Michael Stoddard: 207.761.4566 or 207.712.2577 (cell)

Meg Wilcox: 617.372.9400 X204 or 617.319.6457 (cell)

Environment Northeast Lauds Maine for Passing “RGGI” Law Cutting Global Warming Pollution from Power Plants

Collaboration Between Business Leaders, Environmentalists, Governor Baldacci and the Legislature Forges Unprecedented Support for New Global Warming Policy

PORTLAND—Environment Northeast congratulates the Maine House of Representatives for passing LD 1851, *An Act to Establish the Regional Greenhouse Gas Initiative Act of 2007*. With passage from the Senate expected, and support from the governor, the Act will bring Maine into the Regional Greenhouse Gas Initiative, (RGGI, or “reggie”) the first-ever greenhouse gas “cap and trade program” in the U.S.

RGGI, which regulates carbon dioxide (CO₂) pollution from large power plants in Maine and nine other northeast states, will reduce regional CO₂ emissions from these plants by nearly 20 percent by 2019. In addition to codifying Maine’s participation in this regional program, LD 1851 calls for significant expansion of energy efficiency investments in the state, the largest untapped energy source in Maine. Consumers will reap substantial savings from these provisions that pump new investment into energy efficiency.

“Passing this bill solves an essential piece of the global warming puzzle for Maine because it finally gives investors, power generators and customers a price signal that directs them away from dirty, high-carbon supply toward clean energy and energy efficiency,” said Michael Stoddard, deputy director of Environment Northeast and the co-author of *The Climate Change Roadmap for New England and Eastern Canada*. “Maine’s legislation is a model for other U.S. states and Canadian provinces to follow, and it can also inform how we approach other sources of greenhouse gases,” added Stoddard.

The bill received a major boost when months of dialogue between key businesses, Maine environmental groups, the Governor, and legislative leaders produced a balanced package of policies custom made to benefit the Maine economy and environment. Working together to craft the legislation, these participants ironed out complex details, such as how to allocate money from the sale of pollution permits, that many of the other nine RGGI states have yet to work out.

Maine’s Speaker of the House Glenn Cummings said, “This bill ensures a cleaner and healthier future for all Mainers. Its focus on increased investments in energy efficiency will reduce global warming pollution, help lower utility bills for both homeowners and businesses, and keep our state economy strong and sound.”

Under RGGI, power plants larger than 25 megawatts (MW) that burn fossil fuel must obtain “allowances” or permits to emit carbon dioxide (CO₂). Maine’s budget or “cap” is 5.9 million tons of CO₂ annually. LD 1851 requires all of Maine’s 5.9 million tons of CO₂ allowances to be auctioned, rather than given away for free to power generators as has been proposed by some. The proceeds from the auction of Maine’s budget will be placed in an Energy and Carbon Savings Trust fund worth up to \$25 million per year to help residential and business consumers save money by investing in higher efficiency lighting systems, motors, refrigeration and other energy consuming equipment.

Other key elements of Maine's RGGI Act include:

- The bill keeps good manufacturing jobs in Maine by giving fair treatment to combined heat and power (CHP) units at manufacturing facilities. The Act requires CHP units to hold allowances only for the portion of energy they produce that is not consumed for on-site energy needs. CHP units use a single energy source to generate electrical and thermal power. Highly efficient, CHP units capture waste heat from an on-site electrical generation and harness it to make steam for industrial processes or for cooling, space heating or hot water heating.
- It provides rate relief for the state's largest customers, another policy designed to keep good manufacturing jobs in the state.
- It reforms Maine's energy efficiency programs by directing the Maine Public Utility Commission (PUC) to invest in programs that reduce total energy costs for electricity consumers and to pursue all cost-effective energy efficiency opportunities that are cheaper than adding regular power supply. Reforming Maine's energy efficiency programs is projected to at least double investments in energy efficiency by 2010. Energy efficiency is the cheapest resource available to meet Maine's energy needs, costing only 3 cents/kWh compared to nearly 9 cents/kWh for regular electric supply. Furthermore, every penny saved through energy efficiency stays in the local economy instead of going to pay for imported fossil fuels used to generate electricity.
- It establishes a new stakeholder advisory board, the Maine Energy Conservation Board, to help develop and vote on a comprehensive 3-year plan for energy efficiency programs. The board will give consumers, businesses and other key stakeholders a real voice in energy resource planning and will ensure that the proceeds of the RGGI auction are invested in a manner consistent with efficiency, environmental and consumer objectives.

Economic models run by Virginia-based ICF International demonstrate that the new RGGI program may end up paying for itself through the savings from enhanced energy efficiency investments.

Ten states have now officially joined RGGI, including Maine, Vermont, New Hampshire, Connecticut, Rhode Island, Massachusetts, New York, New Jersey, Maryland and Delaware. Emissions from all 10 states add up to the seventh largest source of global warming pollution in the world.

Environment Northeast has worked on RGGI since the initiative's inception in 2003, serving as one of 24 stakeholders representing a cross section of environmental interests, industry and academia. ENE helped state officials in the region develop a workable, affordable plan that culminated in the Memorandum of Understanding signed by seven states on December 20, 2005, and later the RGGI Model Rule finalized in August, 2006.

Environment Northeast is a non-profit research and policy organization addressing large scale environmental challenges, such as climate change in the Northeast and eastern Canada with offices in Maine, Boston, Providence and Connecticut.

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101 Brentwood Street, Portland, ME 04103

207-761-4566 / www.env-ne.org

Rockport, ME / Portland, ME / Hartford, CT / New Haven, CT / Boston, MA

Michael Stoddard, Attorney, 207-761-4566, mstoddard@env-ne.org

Derek Murrow, Director of Policy Analysis, 203-495-8224, dmurrow@env-ne.org

