

## A strong program to stop global warming pollution from power plants should protect energy consumers too

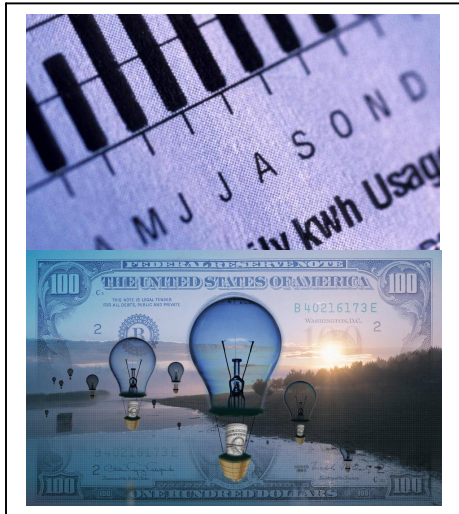
### What is the Regional Greenhouse Gas Initiative?

The Regional Greenhouse Gas Initiative (RGGI) is the first multi-state program to set a mandatory limit on global warming emissions from power plants. It goes into effect in 2009 and reduces emissions by about 20% by 2019. *Maine's Legislature must pass the Global Warming Power Plant Bill in order for us to join this important program.*

RGGI is an effective, market-based program for dealing with global warming pollution because it puts a price on it. *Unfortunately, our current electricity market does nothing to reward clean power sources and nothing to penalize polluting ones.* RGGI changes that by requiring power plants to get a carbon “credit” for each ton of pollution they emit. By limiting the number of credits available, Maine can lower global warming pollution over time.

### How do we protect energy consumers and our climate?

Maine has a choice—do we give carbon credits to power plants for free, or auction these credits as a public resource? **It is essential that we auction those credits:**



- To protect consumers and prevent windfall profits for power plants at the expense of electricity ratepayers—whether a single household or a big business.
  - So “polluters pay.” Clean air, a healthy environment, and the world’s climate are *public goods* and polluters should not profit from spoiling them.
  - To fund efficiency programs that keep Maine competitive and further reduce global warming pollution.
  - To *save households and businesses 5-10% on their energy bills* by auctioning all carbon credits and investing the money in energy efficiency.
- To ensure the fair and straightforward distribution of carbon credits.
  - To harness the power of free markets.

**Support auctioning all carbon credits:  
protect energy consumers  
prevent windfall profits for power plants**

### **What should Maine do with the money raised through an auction?**

Maine should use the money to further reduce both global warming pollution and energy costs for consumers. The most effective way to do so is to increase investments in energy efficiency. Energy efficiency, whether it is efficient light bulbs, appliances or buildings, is the cleanest and cheapest way to meet our energy needs. Energy efficiency is a reinvestment in our homes and our factories: high quality economic development. *Today Maine invests less in energy efficiency than any other state in New England. We can't afford to fall further behind.* New York, Vermont, Massachusetts, Connecticut and New Jersey are choosing to auction all carbon credits and use the money for energy efficiency. RGGI is an opportunity to invest in Maine's future.

### **How much money will RGGI raise?**

If Maine auctions all of the credits, we will have \$15 to \$30 million to spend on energy efficiency, renewables, and other areas that benefit our environment and strengthen our economy. The RGGI rules say that each state must auction at least 25% of the carbon credits. If we give away the rest of the credits (75%) we will only raise between \$3 million and \$8 million a year. The rest of that value will disappear into the pockets of power plants.

### **Will RGGI increase energy bills?**

Energy bills are affected by many things including the demand for natural gas and the need to build more power plants and transmission lines. If we do not change course, these costs will continue to climb. RGGI could reduce these costs, especially by using energy efficiency to reduce the need for new power plants. Energy bills are also affected by the energy efficiency of our homes and businesses. State economic analyses suggest that RGGI will increase wholesale power prices by less than 1% per year; if we auction the carbon credits and invest the funds in efficiency, the savings would outweigh the cost (see the table below).

<b>Maine: Summary of RGGI Economic Impact</b>			
Benefits to consumers from doubling energy efficiency investments using RGGI auction revenues			
	<b>Average bill (2003 dollars)</b>	<b>Amount saved</b>	<b>Percent savings</b>
<b>Year 2015</b>			
Residential	\$793	\$52	7%
Commercial	\$3,302	\$247	6%
Industrial	\$80,620	\$3,817	5%
<b>Year 2021</b>			
Residential	\$793	\$83	11%
Commercial	\$3,302	\$394	10%
Industrial	\$80,620	\$4,109	5%

Sources: Summarized by Marc Breslow, New England Climate Coalition, from spreadsheets of Massachusetts Department of Energy Resources, December 2005. Based on modeling by ICF, Inc. on behalf of the RGGI State Working Group, using their IPM Model.

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