

The Power Plant Global Warming Bill

[Regional Greenhouse Gas Initiative (RGGI)]

UPDATE – NEW Consensus on Bill Package

Under the direction of Governor Baldacci and legislative leaders, top industrial business representatives and Maine's foremost environmental groups have agreed to a consensus plan for Maine's participation in RGGI. The collaboration heralds unprecedented cooperation in the effort to reduce global warming pollution in the most economically sensible way. The consensus plan addresses the needs of Maine's mills and also accelerates investment in high-efficiency programs to lower consumer energy bills. The plan will be presented to the Maine Legislature this session as the Governor's RGGI bill, sponsored by Representative Koffman.

We know that global warming threatens our health, our environment, and our economy, from coastal flooding to increasing asthma rates and Lyme disease, to a sagging winter recreation economy.

RGGI is one of the most important steps in Maine's *Climate Action Plan*, our state's plan to reduce global warming pollution.

RGGI is a program of national—even international—significance; it sets a limit on global warming pollution from power plants in ten states. Together these states, add up to the **seventh** largest source of global warming pollution in the **world**. More than 30% of this pollution comes from dirty power plants



Over 10 years it will reduce global warming pollution from power plants by 10% below current levels—that's 30% below what it would have been without RGGI.

Key Points on The Governor's Power Plant Global Warming [RGGI] bill

- The Governor's bill is a bipartisan breakthrough agreement that would clamp down on global warming pollution, ramp up energy efficiency in Maine homes and businesses, and benefit Maine's economy.
- The bill works for Maine's whole economy because it helps our businesses and institutions become more energy efficient and competitive, and provides long-term protection for Maine's ratepayers.
- Power plants in Maine that sell power to the grid will be required to buy their carbon credits at auction. All of the revenue would be invested in programs that benefit consumers, with the lion's share—possibly 100%—devoted to energy efficiency where it can save consumers the most money.
- The bill helps Maine tap into a large reservoir of energy efficiency, which is cheaper than supply from power plants, and a plentiful and clean way to help meet our energy needs.
- This breakthrough agreement demonstrates an emerging consensus throughout society that we all need to do our part to help address global warming. It shows that, by working together carefully, we can create solutions that are practical and effective and good for our economy.
- While Washington is gridlocked on global warming, states are acting in their own self-interest to achieve pollution reductions in a way that is most sensible for their local economies.

The Power Plant Global Warming Bill [Regional Greenhouse Gas Initiative (RGGI)] Details of the Consensus Plan

Maine's RGGI plan was crafted with input from both environmental and business leaders and creates an important consensus model for the region and the country. The consensus plan ensures that Maine's cogeneration plants are treated fairly, and accelerates much needed investment for energy efficiency that will lower electric bills for Maine's residential, commercial and industrial consumers. The plan will be presented to the Maine Legislature this session as the Governor's RGGI bill, sponsored by Rep. Koffman.

RGGI is a cooperative initiative among ten northeastern states to reduce global warming pollution from large power plants. RGGI will reduce global warming pollution from power plants by 10% below current levels by 2019—that's 30% below what it would have been without RGGI. It is one of the most important steps in Maine's *Climate Action Plan*, our state's plan to reduce greenhouse gas emissions.

The Consensus RGGI bill would:

- ✓ **Give the DEP and PUC authority to create rules for Maine's participation in RGGI,** thereby joining with nine other northeastern states to create a new carbon market.
- ✓ **Use a public auction for all of the carbon credits needed to produce the power being sold on the Maine grid.**
- ✓ **Dedicate the funds from the sale of carbon allowances to energy efficiency,** thereby funding needed investments that lower energy costs and make Maine more competitive.
 - Creates a trust to fund energy efficiency and rate reductions for consumers.
 - When carbon credits cost less than \$5 per ton: 100% of the auction proceeds go to direct investments in energy efficiency for businesses and consumers.
 - If credits exceed \$5 per ton: Additional auction proceeds are credited back to consumers on their monthly bills.
- ✓ **Clarify regulation of industrial facilities that generate their own power.** The purpose of RGGI is to regulate our power system, not our factories. The consensus plan does not require "combined heat and power" manufacturing facilities to buy carbon credits for power they produce for internal operations.
- ✓ **Create strict standards to protect the market and prevent manipulation.**
- ✓ **Improve how the Public Utilities Commission conducts energy efficiency**
The bill increases flexibility for the PUC and establishes a board to improve budget and program performance.

How Does RGGI Work?

RGGI uses a flexible market-based "cap and trade" system which controls the right to emit by setting an emissions cap, but allows companies to trade carbon credits to meet their emission requirements. The total number of emission credits adds up to the total emissions cap for the region. This free market system provides flexibility to companies to reduce emissions in a cost-effective manner. It provides an incentive by allowing extra-efficient plants to sell their allowances to plants which have trouble making reductions.