

# SUPPORT

## NRCM Supports LD 1313: An Act To Establish Energy Policy in Maine

### **Support LD 1313: An Act To Establish Energy Policy in Maine**

**Sponsored by:**  
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This bill will protect and restore funding for energy efficiency initiatives that help homes, businesses, and industry reduce energy costs. It restores the intended balance to the allotment of funds from the Regional Greenhouse Gas Initiative (RGGI), given the lower-than-expected revenues.

#### **Summary:**

RGGI reduces carbon emissions from power plants in a way that generates revenue for public benefit. For years, Maine has used 85% of this revenue to fund energy efficiency improvements, with the rest for direct payments to ratepayers. After the spending formula was adjusted in 2016, RGGI revenue dropped dramatically when it was expected to increase. This is causing nearly half the funds to go to electricity subsidies for a few businesses, and driving major funding shortfalls for energy efficiency and weatherization programs for homes and businesses. LD 1313 would restore the intended balance, stabilize efficiency funding, and provide large businesses a payment based on their fair share of RGGI.

#### **Explanation:**

RGGI is a cooperative effort among nine northeastern states to reduce climate-changing carbon pollution from power plants and spur investments in clean energy. The initiative took effect in 2009, and today RGGI is making our electricity supply cleaner and more efficient, while creating a more energy-independent and competitive economy for Maine. Like most RGGI states, Maine has used most (85%) of the revenue from RGGI to support energy efficiency improvements through Efficiency Maine. These efficiency improvements have lowered energy costs for Maine homes and businesses, including major cost-saving projects for large industrial companies, and made RGGI a win-win for our economy and environment. The remainder has been used for direct subsidies of electricity rates.

In 2016, Maine lawmakers adjusted the RGGI spending formula. The purpose was to maintain the energy efficiency portion at 80-85%, while targeting the electricity subsidy portion specifically to large industrial businesses. However, the revenue from RGGI dropped dramatically when it was expected to increase, throwing the new funding formula, which used fixed dollar amounts, out of whack. The unintentional result is that the payments to large businesses now use up nearly half the total RGGI revenue even though they consume only 12% of the power in the state, while funding for energy efficiency has been slashed. Efficiency Maine has cut back programs, like the Home Energy Savings Program, which helps homes install insulation, reduce air leaks, and install efficiency heating equipment. If the policy is not corrected, there will be further cuts later in 2017.

LD 1313 would direct the PUC to provide electricity payments to the large industrial customers in proportion to their share of the costs. This would help maintain energy efficiency initiatives that lower costs for homes and businesses.

In order to protect energy efficiency efforts that lower costs for all, including homes and large and small businesses, and restore fairness, the Legislature should pass LD 1313 as swiftly as possible.