



Regional Greenhouse Gas Initiative (RGGI)

Protecting Our Climate and Strengthening Maine's Economy

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative market-based effort among nine states to reduce climate-changing carbon pollution from power plants and spur investments in energy efficiency and clean energy. Maine joined RGGI in 2007, when the Legislature voted nearly unanimously to participate. The program took effect in 2009, and today RGGI is delivering a cleaner, more efficient electricity sector, and a more energy-independent and competitive economy for Maine.



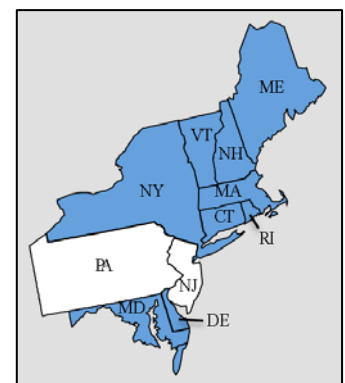
Energy-efficient lighting at Madison Paper

Independent analysis shows that RGGI has driven economic growth in Maine. RGGI has become part of Maine's strategy to increase clean, local sources of energy and reduce fossil fuel dependence. By establishing a market price for carbon pollution, RGGI sends a clear signal to investors to build cleaner and more efficient power plants.

RGGI gains new relevance in 2014, as the U.S. Environmental Protection Agency (EPA) establishes *national* carbon limits for power plants to help address climate change. The EPA proposal will benefit Maine and the RGGI region competitively, as other states come up to our existing levels of clean energy.

KEY FINDINGS FROM RGGI

- ✓ RGGI has reduced pollution while measurably strengthening the Maine economy by reducing energy costs and creating jobs.
- ✓ Maine has used RGGI to generate \$257 million in energy cost savings.
- ✓ RGGI has used public investments to leverage tens of millions of dollars in private investment in Maine's economy, including in the manufacturing sector.
- ✓ RGGI is providing significant benefits to Maine homeowners by supporting cost-effective weatherization and home efficiency improvements.
- ✓ RGGI was developed when environmental and business leaders worked together with legislators, in a bipartisan manner, to fashion an approach that worked for Maine.
- ✓ RGGI's regional approach is the most cost-effective way to reduce pollution.

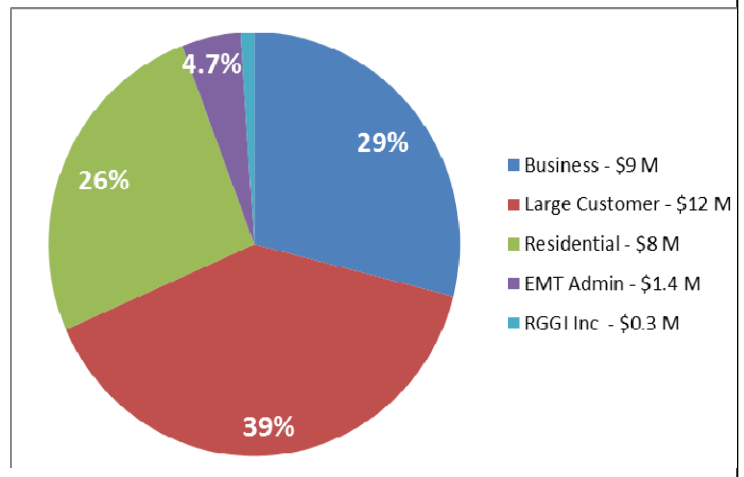


Cutting Maine's Electric and Heating Bills

As of December 2013, Maine had invested more than \$31 million of RGGI-generated funds in energy efficiency improvements in homes, businesses, and industrial facilities, creating \$257 million of lifetime savings. As of March 2014, \$20 million more is committed for ongoing programs and efficiency projects in development.

Efficiency Maine uses RGGI funds strategically to help all sectors achieve highly cost-effective efficiency upgrades. The largest portion of RGGI funds has gone to large customer projects, from paper mills to hospitals. (See next page.) In addition, substantial RGGI funds have gone to households and smaller businesses to help them cut electric and heating bills.

Allocation of Maine's RGGI Revenues, 2008-2013



CUTTING ENERGY COSTS AT HOME

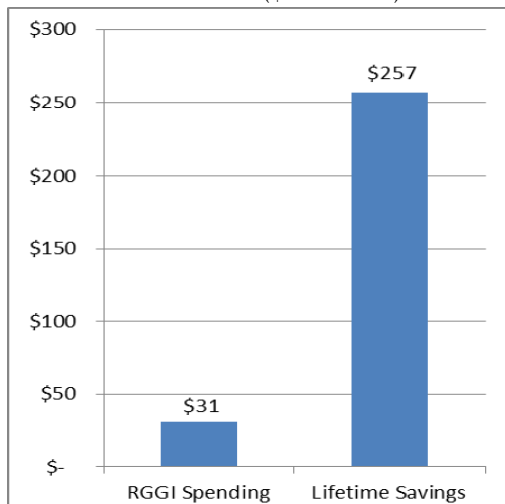
Through the fall of 2013, most residential RGGI funds were used for programs to cut electric bills, providing rebates on purchases of appliances and high-efficiency lighting. Residential lighting upgrades provide \$6 in savings for every \$1 spent. RGGI funding for residential lighting alone has already netted ratepayers a lifetime savings of \$75 million.

In late 2013, Efficiency Maine began using RGGI money for weatherization programs that predominantly reduce home heating oil bills. Going forward, 35% of all RGGI funds are being used to help homeowners insulate and tighten up homes, and for investment in high-efficiency heating equipment. So far this weatherization program has helped homeowners reduce heating bills by an average of 33% or \$1,100 per year.



Maine's Total Energy Savings from RGGI

2008-2013 (\$ millions)

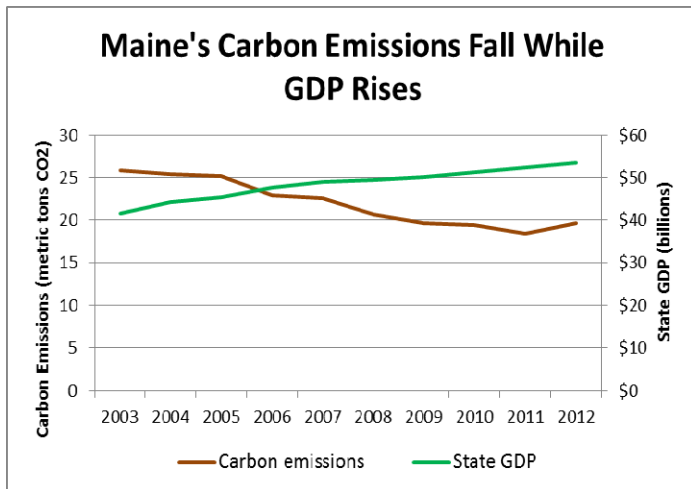


REDUCING ELECTRIC BILLS FOR BUSINESSES & ALL RATEPAYERS

RGGI also helps fund Efficiency Maine's business program. It provides financial and technical assistance for efficiency upgrades from lighting to refrigeration to motors, all of which cut business electric bills, helping them increase profitability and create jobs. As of December 2013, Maine's small and medium businesses have saved \$40 million from RGGI-funded efficiency programs.

Like all efficiency investment programs, RGGI funds reduce costs for everyone in Maine who pays an electric bill – not just the roughly 150,000 households and 3,000 businesses, to date, who have received direct benefits. By reducing demand for electricity, RGGI slightly reduces the price of electricity for *all* ratepayers.

Creating Jobs and Growing Maine's Economy



RGGI reduces the amount of money Maine exports to buy oil and gas – currently around \$5 billion per year – and recirculates those savings within our economy, creating a shared benefit in terms of spending and job creation. Maine’s gross state product (GSP) increases by \$4 for every \$1 invested in energy efficiency programs. To date, Maine’s GSP has grown by more than \$100 million because of RGGI, and it is creating more than 1,000 job-years (e.g. 100 full-time jobs spread over 10 years.) RGGI is one example of how decreasing pollution and increasing clean energy can be accomplished while growing Maine’s economy.

BENEFITS FOR MAINE’S LARGEST ENERGY CONSUMERS

Energy costs are a prime concern for some of Maine’s largest businesses. RGGI has delivered especially big benefits for these large energy consumers, such as manufacturers. That’s because a large portion of RGGI efficiency funding has provided dozens of large competitive grants for these customers to make major energy efficiency upgrades. These grants (averaging \$330,000 each) have leveraged large private investments in paper mills and other facilities and have generated energy savings in highly cost-effective ways. As of December 2013, \$12 million in large customer grants had leveraged roughly \$35 million in private spending, and generated \$139 million in lifetime energy savings. Savings from combined heat and power, efficient motors and cooling, massive lighting retrofits, and custom projects help Maine’s manufacturing facilities prosper and retain jobs.

In addition, Environment Northeast has reported that electricity prices in Maine have fallen 14% since RGGI began, compared to an *increase* of 6% in electric prices in non-RGGI states.

By putting a price on carbon emissions, RGGI also is a driver of clean energy investments, alongside market forces and other policies. Maine has seen large economic and job benefits from investments in capital-intensive renewable power plants, such as wind power and biomass cogeneration.

RGGI-Funded Grants

- Bath Iron Works
- Bowdoin College
- Coming Life Science
- GAC Chemical
- Hannaford Brothers
- Huhtamaki
- Irving Forest Products
- Jackson Labs
- Lewiston-Auburn Water Authority
- Madison Paper
- Maine General Health
- Maine Wild Blueberry
- Mid Coast Hospital
- Mid State Machine
- Moose River Lumber
- Mt. Abram
- Old Town Fuel & Fiber
- Poland Spring / Nestle
- Portland Water District
- Pratt & Whitney
- Prime Tanning
- Rumford Paper Company
- SAPPI Paper
- Smith & Wesson
- State of Maine
- Sugarloaf
- Sunday River Ski Resort
- Texas Instruments
- Twin Rivers Paper
- University of Maine
- University of New England
- University of Southern Maine
- Verso
- Woodland Pulp

RGGI Helps Protect Maine Jobs



Madison Paper expects to save \$2 million on its energy costs annually thanks to help from RGGI-funded efficiency grants. **“These savings will help secure the future of an established paper mill facing difficult economic pressures,”** stated Joe Clark, Reliability Engineer at Madison. **“Without the grant funds we would not have been able to pursue these projects in the current business climate.”**

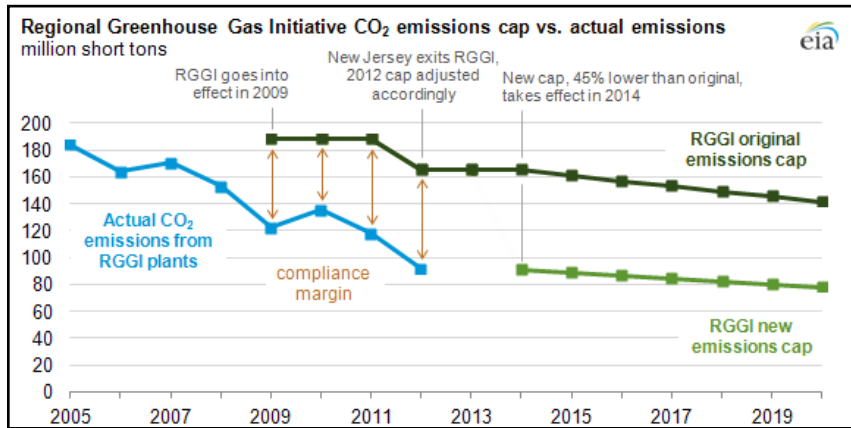
Madison Paper employs 240 people in Somerset County. Because of these energy efficiency improvements, Madison Paper will save enough money to support the retention of 18 jobs in Madison and strengthen the economic stability of the area.

Reducing Climate Pollution

From Regional Leadership to Nationwide Action

The primary purpose of RGGI is to reduce the carbon pollution that drives climate change. The largest source of carbon pollution in the Northeast and the nation is power plants. RGGI puts a limit on the total carbon pollution that power plants can emit regionally while allowing the free market to determine which plants emit how much. The program reduces carbon pollution by lowering that limit each year.

Since RGGI was implemented, the Northeast states have significantly reduced carbon pollution from



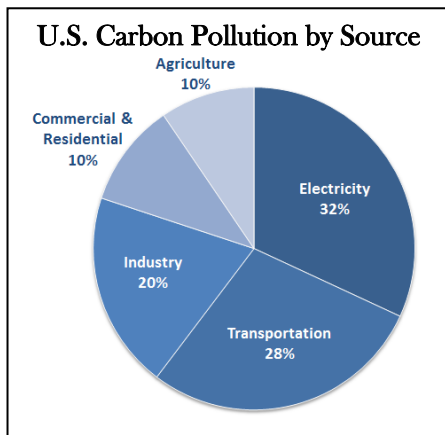
power plants and, not surprisingly, RGGI states have seen much greater reductions than non-RGGI states over this period. In 2013, the RGGI states agreed to lower the program's carbon limit by 45%, to better align it with actual emissions. This puts RGGI on track to drive down carbon pollution levels even further.

This is good news because Maine faces urgent and significant threats from a warming climate. Warmer and

more acidic oceans endanger lobsters and other fisheries. A rising sea level and more extreme weather and flooding imperil coastal properties, roads and infrastructure, and wildlife habitat. Climate change is also likely to increase smog and worsen public health, and hurt our economy through impacts to winter recreation, forest products, and other sectors.

Proposed EPA Limits on Carbon from Power Plants

RGGI is a strong and successful example of bipartisan leadership aimed at reducing the region's contribution to the problem of climate change. However, federal action is clearly



also needed. The U.S. Environmental Protection Agency has proposed new standards to limit carbon pollution from power plants nationally. The EPA's carbon pollution plan would reward Maine for its leadership with RGGI, because EPA's approach recognizes that RGGI is *already* a suitable mechanism to meet the proposed carbon standards.

National action by the EPA will help bring other states up to clean air standards already enjoyed by RGGI states, and help level the playing field with coal-burning states that produce cheap power for themselves and air pollution for places like Maine.

Although the EPA has full authority to adopt new carbon limits under the Clean Air Act, the U.S. Congress could overturn them, which makes support from Maine's Senators Susan Collins and Angus King critical.



Natural Resources Council of Maine

3 Wade Street • Augusta, Maine • 04330

(207) 622-3101 • nrcm@nrcm.org • www.nrcm.org