



via electronic mail

**Comments of Natalie Hildt, Manager of Public Policy Outreach
Northeast Energy Efficiency Partnerships (NEEP)
To the Joint Committee on and Energy, Utilities and Technology
Regarding LD 793- An Act to Protect Ratepayers while
Enhancing Energy Independence and Security
April 4, 2011**

Chairman Thibodeau, Chairman Fitts and members of the Committee: on behalf of Northeast Energy Efficiency Partnerships (NEEP)¹, thank you for the opportunity to provide testimony on LD 793, “An Act to Protect Ratepayers while Enhancing Energy Independence and Security.”

NEEP is a regional nonprofit organization that works to accelerate the efficiency use of energy in homes, buildings and industry in the Northeast. We are committed to this work because saving energy creates a stronger economy, a cleaner environment and a more reliable and affordable energy system. We know you share these goals.

My comments will focus on Section 5, the portion of the bill relative to withdrawing Maine from the Regional Greenhouse Gas Initiative (RGGI). Because of the numerous and measurable positive impacts that RGGI-funded energy efficiency programs have had on the state’s economy through cost-savings, job creation and keeping energy dollars in Maine, we would strongly urge you to reject any efforts to divert or eliminate these funds or abandon the RGGI accord.

As you well know, Maine is part of a regional power grid system, through which its electricity is purchased and delivered to its residents and businesses. We realize that Section 6 of this legislation calls for pull-out of the regional power grid, ISO-New England. In our view, this is simply an unfeasible proposal and do not see this as a realistic or wise course for the state.

In developing the RGGI framework, the participating states, including your legislative colleagues in Maine, took this regional power system into account and modeled a system that would work with it. Through the initial auction periods, that has happened. And as you’ve heard, and will continue to hear, there have been numerous economic benefits afforded to the state as a result of the energy savings realized through RGGI-funded programs. Given this regional framework, there are a couple of things that are vitally important to take into account as you consider this legislation.

The first is that all the energy and economic savings you’ll learn about during this hearing are measured conservatively, because they don’t account for the additional savings that each electricity customer realizes regardless of whether he or it takes part in energy efficiency programs. That’s because for every kilowatt hour of electricity that is not used thanks to an energy efficiency measure, the price paid on the wholesale clearing market for electricity through the regional power pool is reduced, meaning that *all customers win* when any customer reduces his use via energy efficiency.

The flip side of this benefit would be that customers would continue to pay for the cost of participation in RGGI, regardless of whether the state is a formal participant or not. That is because the electricity generators that are still subject to RGGI across the grid will continue to bill for the cost of meeting their carbon caps, and will pass those costs on to their customers across the region. Therefore, if Maine were to pull out of RGGI as this bill seeks to do, the state would no longer see the myriad benefits that involvement provides, but would continue to pay the cost of the initiative as electricity is sold on a regional basis.²

¹ These comments are offered by NEEP staff and do not necessarily represent the view of the NEEP Board of Directors, sponsors or partners.

² Avoided Energy Supply Costs in New England: 2009 Report. Hornby, Rick, et. al. August 2009.

The typical residential electricity customer pays just pennies a month in energy costs that support RGGI when power companies pass along the costs of purchasing carbon allowances. These funds not only go to support efficiency incentives that directly benefit participants of the Efficiency Maine programs, they also help to drive down energy costs of electricity for all, as decreased demand helps moderate increases in wholesale energy prices.

Involvement in RGGI has yielded approximately \$26 million to Maine, the vast majority of which has gone to help businesses, municipalities and homeowners invest in projects that help them understand their building energy use, slash their operating expenses and even generate their own energy.³ Every dollar invested in efficiency delivers \$2.60 in economic benefits to Maine.⁴ Pulling out of RGGI would be a net economic loss for the state, and would hurt the energy services businesses that are a growing and important part of the state's sustainable economy.

The bill would also dramatically undermine the state's climate goals. Maine was among the first states in the nation to pass climate change legislation in 2003,⁵ which lists energy efficiency as a primary resource to curb carbon emissions while at the same time strengthening the state's economy and controlling energy costs. But even for those who consider themselves climate change skeptics, investing in energy efficiency and other clean energy projects makes sense for the cost and energy security reasons alone.

As you will hear in other testimony, the benefits of RGGI auction proceeds are not only told in statistics, but in the stories of real people, towns, businesses and schools that have put these dollars to work for Maine. These funds have provided critical leverage to the new Efficiency Maine programs, and can continue delivering benefits to the state when invested wisely. NEEP believes quitting RGGI would be a net loss for the people and the economy of Maine.

Thank you for the opportunity to comment on this important piece of legislation. Please do not hesitate to contact me for any questions regarding this testimony or other matters related to energy efficiency.



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<http://www.synapse-energy.com/Downloads/SynapseReport.2009-10.AESC.AESC-Study-2009.09-020.pdf>

³ ENE RGGI Auction Tracker, updated March 17, 2011. http://env-ne.org/public/resources/pdf/ENE_Auction_Tracker_110203.pdf.

⁴ *From Potential to Action*, New England's economically achievable efficiency potential. NEEP, October 2010. <http://neep.org/public-policy/policy-outreach-and-analysis/potential-study>

⁵ CHAPTER 237 - H.P. 622 - L.D. 845 An Act To Provide Leadership in Addressing the Threat of Climate Change
<http://www.mainelegislature.org/ros/LOM/lom121st/5pub201-250/pub201-250-44.htm>