Testimony in Opposition to LD 2037:
"An Act to Update the Regional Greenhouse Gas Initiative Allowances

Senator Tepler, Representative Doudera, and distinguished members of the Joint Standing Committee on Environment and Natural Resources, my name is Harris Van Pate, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free market think tank, a nonpartisan, nonprofit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to submit testimony in opposition to LD 2037, "An Act to Update the Regional Greenhouse Gas Initiative Allowances."

Overview

Maine Policy Institute (MPI) respectfully opposes LD 2037. This bill accelerates and hard-codes steep reductions in Maine's carbon dioxide allowance budget under the Regional Greenhouse Gas Initiative (RGGI), further tightening an already costly regulatory regime. By design, these changes increase electricity prices for Maine households and employers while delivering no measurable climate benefit.

LD 2037 exemplifies the broader problem identified in MPI's recent report, Alternatives to New England's Energy Affordability Crisis: energy policy in New England has become increasingly detached from affordability, reliability, and realistic cost-benefit analysis.

RGGI Is an Energy Cost Driver, Not a Cost-Control Mechanism

RGGI operates as a de facto carbon tax on electricity generation. When allowance caps are tightened, allowance prices rise, and those costs are passed directly through to ratepayers. LD 2037 accelerates this process by sharply reducing Maine's allowable emissions budget through 2037 and beyond, increasing allowance scarcity by statute rather than allowing for adjustment based on market or reliability conditions.

MPI's energy affordability research shows that policies designed to artificially restrict dispatchable generation—such as natural gas—are a central driver of rising electricity costs across New England. Under aggressive decarbonization scenarios, regional electricity prices more than doubled by mid-century, imposing severe burdens on residential, commercial, and industrial customers.

Higher Costs With No Commensurate Climate Benefit

LD 2037 imposes real, immediate economic costs on Maine residents in exchange for symbolic emissions reductions. Maine's power-sector emissions are negligible on a global scale, and even complete elimination would have no discernible impact on global temperatures or climate trends.

MPI's report demonstrates that the most aggressive renewable-heavy decarbonization pathways are also the most expensive, costing New England electricity customers hundreds of billions of dollars more than alternative portfolios that prioritize reliability and fuel diversity. LD 2037 moves Maine further toward this high-cost path without delivering proportional environmental gains.

Affordability and Reliability Risks for Maine

New England already has some of the highest electricity prices in the United States, and Maine households are particularly vulnerable due to lower average incomes, colder winters, and heavy reliance on electric and electric-adjacent heating costs. MPI's analysis shows that policies restricting dispatchable generation increase system costs, transmission build-outs, and reliability risks—raising the likelihood of price spikes and, over time, grid instability.

By doubling down on RGGI and eliminating policy flexibility, LD 2037 increases these risks while narrowing future lawmakers' ability to respond to changing technology, fuel markets, or reliability concerns.

A More Affordable Path Forward Exists

MPI's research demonstrates that not only will continuing energy mandate have a substantial cost on Mainers, they also demonstrate that reliability and affordability will continue to decline for all Mainers until we alter our current course. Scenarios that preserve fuel diversity and prioritize reliable, dispatchable generation—particularly natural gas and nuclear—achieve substantial emissions reductions at dramatically lower cost than renewable-mandate-driven approaches. LD 2037 ignores these findings and instead entrenches one of the most expensive policy tools available.

Conclusion

LD 2037 would raise electricity costs, reduce policy flexibility, and worsen New England's energy affordability crisis while producing no meaningful climate benefit. For these reasons, the Maine Policy Institute urges the Committee to oppose LD 2037 and to instead pursue energy policies grounded in affordability, reliability, and empirical evidence. Thank you for your time and consideration.