

TESTIMONY OF INDUSTRIAL ENERGY CONSUMER GROUP (IECG)
IN OPPOSITION TO
LD 2037, AN ACT TO UPDATE THE
REGIONAL GREENHOUSE GAS INITIATIVE ALLOWANCES

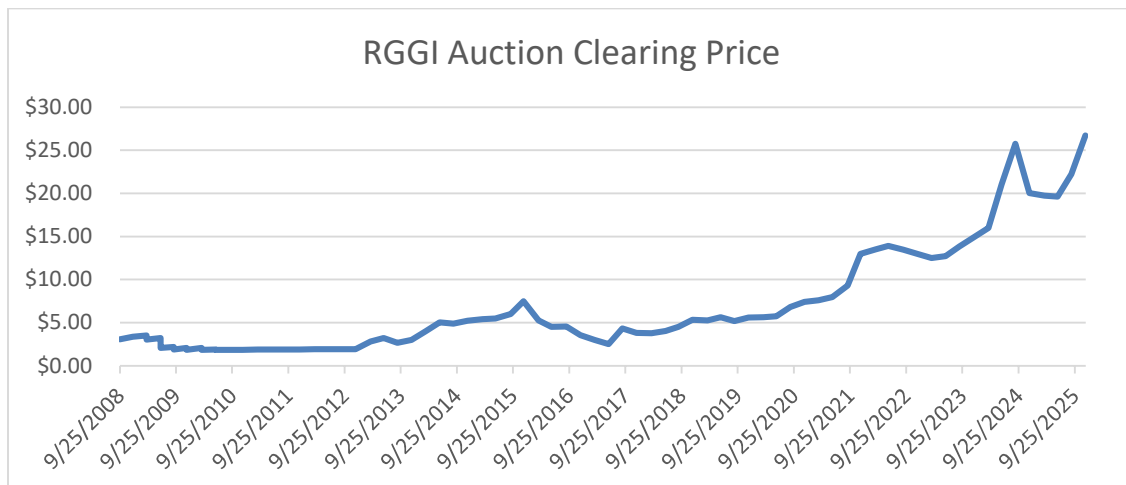
Senator Tepler, Representative Doudera, and Members of the Joint Standing Committee on Environment and Natural Resources:

Industrial Energy Consumer Group (IECG) is a Maine trade association representing Maine's industrial energy consumers. Back in 2007, IECG was the only group of its kind to support Maine's adoption of the Regional Greenhouse Gas Initiative (RGGI) program. We supported RGGI because we believe Maine must reduce carbon emissions rapidly, affordably, and in ways that deliver the greatest climate benefit per dollar invested.

LD 2037 is well-intentioned, but it is neither disciplined nor cost-effective. At a time when Maine faces an acute electricity-affordability crisis, this bill would make that crisis worse while hindering — not accelerating — economy-wide decarbonization.

Affordability — the ability to pay for the cost of electricity, an essential commodity — is the biggest crisis facing Maine electricity consumers. IECG members know this firsthand, because they use a lot of power for things like making paper, manufacturing consumer products, and snowmaking at ski areas. But we also know that the skyrocketing cost of electricity hurts all Maine consumers: every Maine household, all Maine businesses, and every community institution.

LD 2037 would increase the cost of electricity and eliminate tools, like offsets, that can provide flexibility and cost containment. Economics 101 teaches us about supply and demand. If we reduce supply, prices will rise. Maine's history with RGGI proves this point. The graph below shows the price of RGGI allowances from 2008 to present. For about a decade, the price of a RGGI allowance was roughly \$5 or less — but since 2018, the price has shot up to exceed \$20 per allowance. RGGI prices continue to climb, with the December 2025 auction setting a new record-high price of \$26.73 per ton. The quarterly RGGI price increase of \$4.48/ton is the third-largest nominal price increase in RGGI history. This trend underscores the growing cost implications for generators and consumers alike.

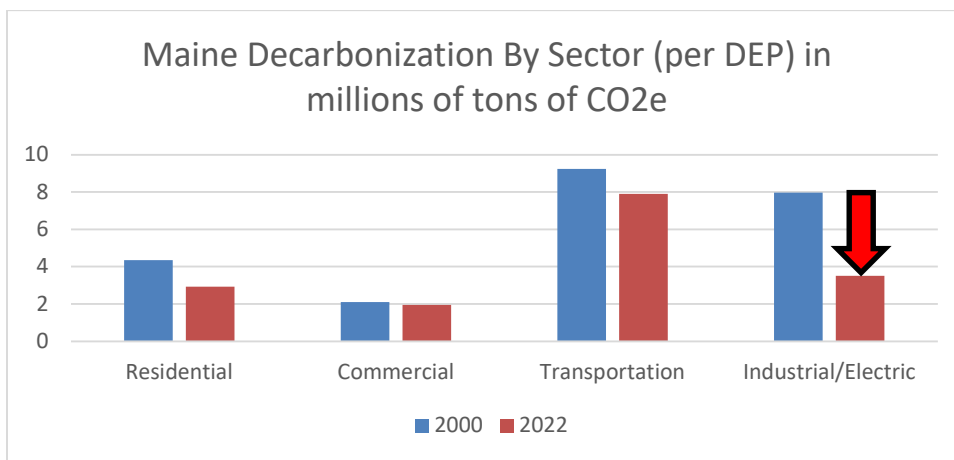


You won't see a line item for RGGI costs, because they are hidden in wholesale electricity costs – but you're paying for it. Because New England's fossil generators remain "on the margin" most of the time, their cost of RGGI compliance is included in the wholesale cost of power in New England most of the time. This also means that the cost of RGGI compliance is priced into payments made to all dispatched generators (even low-cost and fuel-free units like nuclear and hydro). At these prices, the cost of RGGI in Maine rates is already on the order of about \$100 million per year.

Ask around: "Can you afford any further increases in the cost of electricity?" You will be hard-pressed to find people who say yes to that question. Maine already faces other headwinds driving up the cost of power: transmission rate increases, distribution rate increases, and net energy billing costs, just to name a few. Combined with broader economic trends, these factors mean that Maine is already in an affordability crisis. This is not the time to double-down on RGGI. Instead, Maine needs to focus on cost-effective solutions.

For the same reasons of cost control, this is not the time to take "offset" projects off the table. As the Department of Environmental Protection wrote in its March 12, 2025 report to this Committee, "the demand for offset projects and their associated allowances may increase if allowance prices continue to increase". Given the affordability crisis, now is the time to improve the offset program to reduce consumer costs, not cancel it.

It's also worth noting that RGGI's scope is limited to electric power generation. According to DEP's latest RGGI report, Maine's industrial/electric generation sector has reduced its emissions by 56% relative to the year 2000. Meanwhile, Maine's commercial sector has reduced its emissions by less than 8%; our transportation systems are only 15% decarbonized compared to 2000; and despite all the effort to deploy heat pumps and other technologies to get homes off oil, the residential sector has reduced emissions by less than 33%.



Measures that increase the cost of electricity will not only exacerbate Maine's preexisting affordability crisis; they will also prevent progress toward decarbonization of every sector, by making electricity too expensive as an alternative to carbon-intense fossil fuels like home heating oil, gasoline, and diesel. So if you care about the climate, as you should, you should not support this measure.

For these reasons, I respectfully urge the Committee to vote Ought Not To Pass on LD 2037. Thank you for your consideration. I would be glad to answer any questions.