



STATE OF MAINE
DEPARTMENT OF ENERGY RESOURCES
62 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0062

JANET MILLS
GOVERNOR

DAN BURGESS
ACTING COMMISSIONER
DEPARTMENT OF ENERGY RESOURCES

TESTIMONY BEFORE THE ENVIRONMENT AND NATURAL RESOURCES COMMITTEE

An Act to Update the Regional Greenhouse Gas Initiative Allowances L.D. 2037

DEPARTMENT OF ENERGY RESOURCES
January 21, 2026

Senator Tepler, Representative Doudera, and Members of the Joint Standing Committee on Environment and Natural Resources (ENR): My name is Dan Burgess, and I am the Acting Commissioner of the Maine Department of Energy Resources (DOER).

The DOER testifies in support of L.D. 2037.

Thank you for the opportunity to testify in support of L.D. 2037 which facilitates Maine's adoption of statutory changes needed to implement the Regional Greenhouse Gas Initiative (RGGI) Third Program Review—an effort currently being undertaken by all RGGI participating states. These updates reflect a thoughtful, transparent, and data-driven process designed to strengthen the program's ability to reduce power-sector emissions while protecting energy affordability and delivering tangible economic benefits to Maine ratepayers. Since Maine began participating in RGGI, the state has been able to reinvest millions of dollars of auction proceeds into beneficial programs like residential and industrial efficiency programs.

As you know, Maine shares a regional electric grid with the other New England states that are all participating in the RGGI program. Adopting the changes in the legislation will ensure Maine continues to receive the benefits of the program, while not adopting these changes to align with the Third Program Review would result in the state continuing to pay for the costs of RGGI without access to the significant proceeds. These proceeds are invested by Efficiency Maine Trust across our economy in the form of nation-leading energy efficiency programs that have benefits to Maine consumers that far exceed any costs.

Beginning in 2021, the ten participating RGGI states undertook a comprehensive and transparent review of the program's performance and future design considerations. The Third Program Review included detailed technical analysis and power-sector modeling, and multiple opportunities for public and stakeholder input. This collaborative process resulted in an updated Model Rule that balances the region's continued commitment to reducing power plant emissions with practical safeguards to ensure RGGI remains an effective tool.

A central focus of the review was strengthening cost containment mechanisms and market predictability. The updated Model Rule enhances the Cost Containment Reserve (CCR) by creating a two-



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tiered structure that releases additional allowances into auctions if prices rise above predefined trigger levels. This limits price volatility while maintaining emissions reduction targets.

While I do acknowledge that RGGI compliance does result in small bill impacts for Maine ratepayers, RGGI states including Maine have reinvested auction proceeds since 2009 in programs that more than offset these costs. In Maine, the Efficiency Maine Trust has carefully stewarded Maine's share of revenues into targeted energy efficiency and weatherization projects in residential households, businesses, local governments, and manufacturing facilities. The investments of revenues from FY 2023, 2024, and 2025 alone are estimated to deliver lifetime bill savings of more than \$390 million to Maine ratepayers. For every dollar invested in programs by Efficiency Maine, ratepayers will see approximately \$4.00 of benefits. Michael Stoddard, the Executive Director of The Trust will speak in more detail about the benefits of these investments in our state. Analysis conducted by ISO New England demonstrates that the reinvestment of RGGI proceeds from 2024 in energy efficiency programs across the New England states saved about 17.5 TWh of energy, or approximately \$757 million in wholesale energy market cost reductions. Independent analysis of the Third Program Review changes conducted by the Analysis Group also demonstrate that adopting the program update will not increase electricity bills compared to the current price environment, and that cost-containment mechanisms incorporated may also drive slight savings.

The participating states have also reaffirmed their commitment to ongoing oversight and evaluation of program outcomes. The states have agreed to initiate a Fourth Program Review no later than 2028, which will assess the impacts of these changes and evaluate the emissions cap going forward to ensure the program remains responsive to evolving conditions, particularly as they pertain to costs and system reliability.

Ultimately, the updates agreed to by the RGGI states—and required to be incorporated into Maine law—are intended to provide greater stability and certainty for market participants, including power producers, while ensuring that sufficient allowances are available to meet growing demand and protect consumers from price volatility. Continued participation enables Maine to reinvest allowance proceeds in programs that lower energy bills, improve public health, and foster an economic environment that supports innovation and clean energy growth. I urge the Committee to support Maine's adoption of the updated RGGI Model Rule.

I would be happy to answer questions or provide additional information at the work session.

Dan Burgess, Acting Commissioner
Department of Energy Resources