State of Maine
Paul R. LePage
Governor

March 27, 2015

Senator Thomas B. Saviello, Chair
Representative Joan W. Welsh, Chair
Members of the Joint Standing Committee on Environment and Natural Resources
100 State House Station
Augusta, Maine 04333-0100

Senator David Woodsome, Chair
Representative Mark N. Dion, Chair
Members of the Joint Standing Committee on Energy, Utilities and Technology
100 State House Station
Augusta, ME 04333-0100

RE: Regional Greenhouse Gas Initiative (RGGI) Annual Report

Dear Senator Saviello, Senator Woodsome, Representative Welsh, Representative Dion, and members of the Joint Standing Committees on Environment and Natural Resources, and Energy, Utilities and Technology:

Title 38 Maine Revised Statutes Annotated (MRSA) §580-B, sub-§10, established by Public Law, Chapter 317 of the 123rd Legislature and amended by Public Laws, Chapter 372 of the 124th Legislature and Chapter 369 of the 126th Legislature, directs the Department of Environmental Protection (Department), the Public Utilities Commission (Commission), and the trustees of the Efficiency Maine Trust (the "Trust" or "Efficiency Maine") to submit a joint report to the joint standing committees of the Legislature having jurisdiction over natural resources matters and utilities and energy matters by March 15th annually, regarding items related to implementation of the Regional Greenhouse Gas Initiative (RGGI). This letter serves as the annual report and addresses the seven items listed in the statute. This letter also provides an update on the appropriateness of the number of allowances reserved in accordance with the voluntary renewable energy set-aside provisions and a progress report on the development of a fuel switching offset category, as required by Public Law, Chapter 369 of the 126th Legislature.

AUGUSTA
17 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0017
(207) 287-7688 FAX: (207) 287-7826

BANGOR
106 HOGAN ROAD, SUITE 6
BANGOR, MAINE 04401
(207) 941-4570 FAX: (207) 941-4584

PORTLAND
312 CANCO ROAD
PORTLAND, MAINE 04103
(207) 822-6300 FAX: (207) 822-6303

PRESQUE ISLE
1235 CENTRAL DRIVE, SKYWAY PARK
PRESQUE ISLE, MAINE 04769
(207) 764-0477 FAX: (207) 760-3143

web site: www.maine.gov/dep

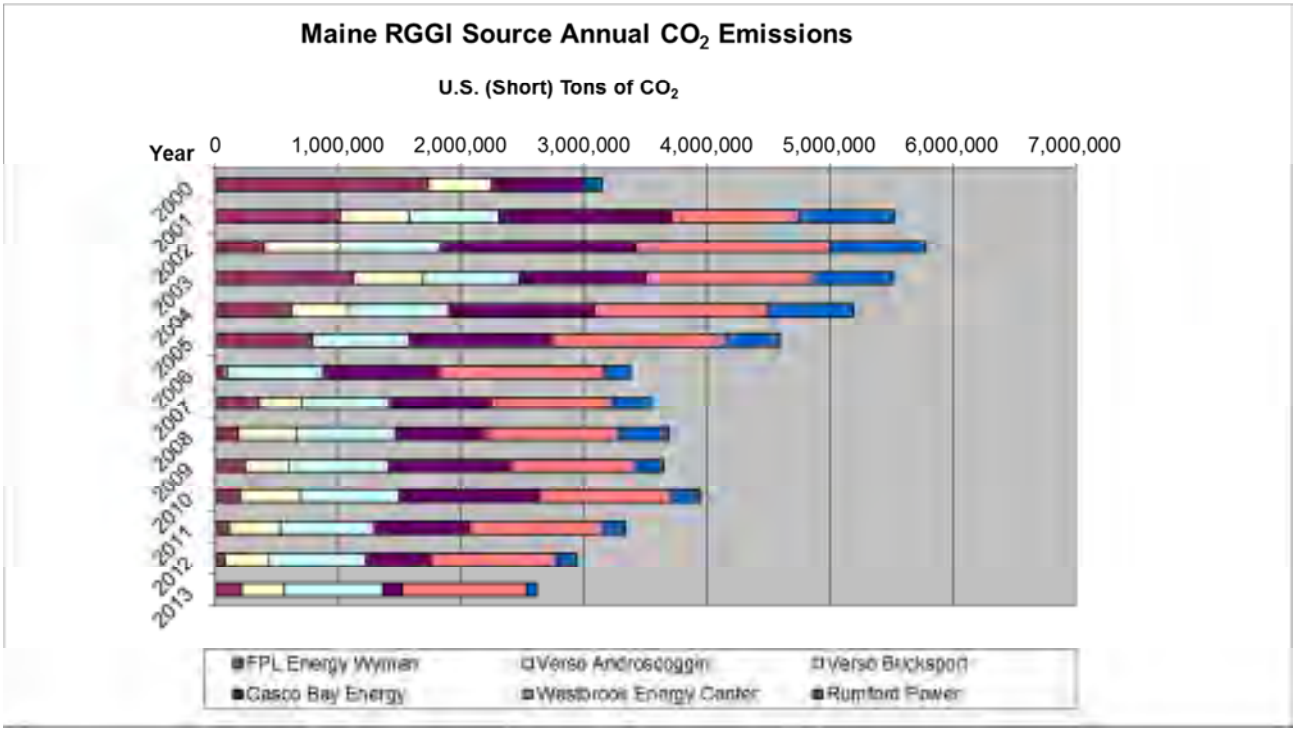
A. The reductions of greenhouse gas emissions from carbon dioxide budget units, conservation programs funded by the Regional Greenhouse Gas Trust Fund pursuant to Title 35-A, section 10109 and carbon dioxide emissions offset projects.

Reductions of greenhouse gas emissions from carbon dioxide (CO_2) budget units. As a group, CO_2 budget units (RGGI units) located in Maine and throughout the RGGI region have experienced significant reductions in CO_2 emissions from the baseline period (2000 to 2005) both prior to and since the program began with the first auctions in 2008 (see Tables 1 and 2, below). Within the RGGI region, CO_2 emissions from RGGI units have decreased by more than 50% from baseline emissions.

The RGGI program was originally designed to stabilize CO_2 emissions from the RGGI units in the region for the period from 2009 through 2014. Beginning in 2015, the annual cap was to be reduced by 2.5% per year through 2018 to achieve a 10% reduction in emissions from baseline levels. Due to the achievement of greater reductions in CO_2 emissions from RGGI units than originally anticipated, the State of Maine, along with the other RGGI participating states, have made program changes to adjust the annual cap downward in 2014 and beyond to reflect the lower emissions at this point in the program. For the calendar year 2014, the annual cap for the region has been reduced from 165 million to 91 million allowances, representing a 45% reduction in the cap. Maine's share of the adjusted regional annual cap is 3.6%, or approximately 3.3 million allowances. The 91 million allowance annual cap was further adjusted to address a surplus of unused allowances residing in the market following the first three year compliance period, which closed at the end of 2011. The cap will then gradually be reduced at the originally planned rate of 2.5% per year between 2015 and 2020.

Table 1 shows CO_2 emissions data from Maine's RGGI units from 2000 thru 2013. Emissions for 2014 are projected to be slightly lower than in 2013; however, reporting of these emissions will not be complete until the second quarter of 2015, so they are not included in this table.

Table 1

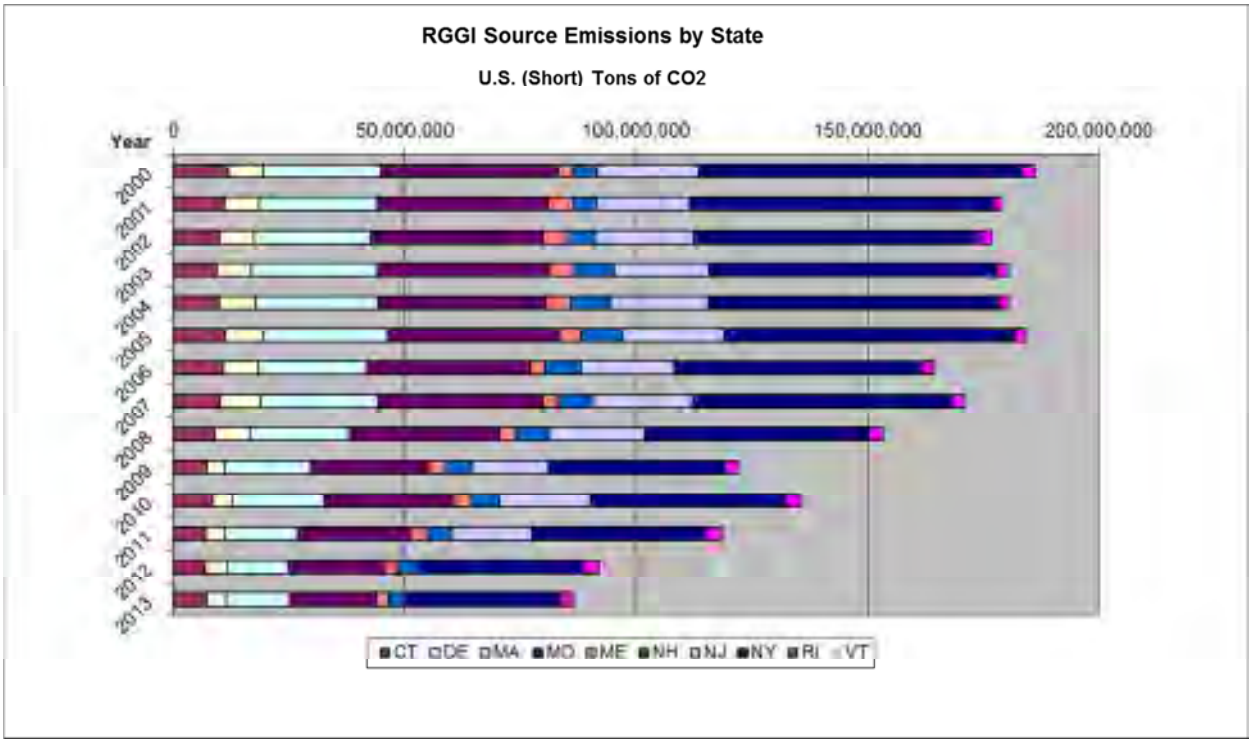


Maine RGGI Source Annual CO_2 Emissions (U.S. Tons)							
Year	FPL Energy Wyman	Verso Androscoggin	Verso Bucksport	Casco Bay Energy	Westbrook Energy Center	Rumford Power	Annual Totals
2000	1,731,846	519,770	0	744,689	0	153,306	3,149,611
2001	1,010,729	565,951	731,450	1,402,914	1,042,637	762,634	5,516,315
2002	397,062	608,960	829,490	1,582,011	1,580,945	782,900	5,781,368
2003	1,119,510	571,181	778,527	1,025,612	1,358,157	661,740	5,514727
2004	616,030	472,481	810,749	1,178,901	1,412,282	701,496	5,191,939
2005	788,209	1,019	792,796	1,153,173	1,419,619	432,298	4,587,114
2006	70,853	24,826	780,609	946,041	1,341,636	207,857	3,371,822
2007	357,638	349,532	708,412	831,251	991,719	294,645	3,533,197
2008	185,915	481,163	796,139	730,736	1,090,087	407,238	3,691,278
2009	242,371	357,730	809,077	995,235	1,015,132	223,948	3,643,493
2010	198,691	489,273	813,064	1,130,402	1,079,445	232,583	3,943,458
2011	107,642	416,387	766,548	778,158	1,081,176	187,549	3,337,460
2012	77,825	357,371	787,071	532,676	1,018,917	166,212	2,940,072
2013	211,641	352,862	793,406	161,783	1,011,082	81,649	2,612,423

Note: Emissions from the former Mason Station in Wiscasset are not included in Table 1 because it has not operated since 2003 and is not a RGGI source.

Table 2 shows CO_2 emissions data from all RGGI units in the region, by state, from 2000 thru 2013. Emissions data for 2014 will not be available until the second quarter of 2015, so they are not included in this table.

Table 2



RGGI Source Annual CO_2 Emissions by State (U.S. Tons)											
Year	CT	DE	MA	MD	ME	NH	NJ	NY	RI	VT	ANNUAL TOTALS
2000	11,977,434	7,308,248	25,452,680	38,446,856	3,156,292*	5,178,731	21,954,959	69,809,356	2,959,594	24,914	**186,269,063**
2001	11,005,310	7,612,366	25,400,430	36,980,555	5,517,285*	4,862,445	20,177,621	65,553,672	1,782,110	22,015	**178,913,809**
2002	9,842,414	7,616,896	25,278,273	37,084,544	5,784,563*	5,556,992	21,145,667	61,367,406	3,254,015	5,171	**176,935,941**
2003	9,273,759	7,628,367	27,218,204	37,064,738	5,515,325*	8,478,382	20,543,331	62,129,292	2,668,990	12,094	**180,532,482**
2004	9,989,119	7,884,001	26,369,630	36,281,466	5,191,939	8,812,538	21,133,145	62,612,353	2,219,100	14,779	**180,508,070**
2005	11,323,844	8,300,628	26,640,945	37,263,686	4,587,114	8,972,027	21,937,521	62,718,683	2,692,228	7,781	**184,444,457**
2006	10,761,759	7,561,295	23,449,199	35,233,070	3,371,822	7,568,884	20,224,255	53,638,129	2,625,422	6,337	**164,440,172**
2007	10,052,782	8,744,154	25,366,733	35,700,194	3,533,197	7,314,954	21,515,622	55,717,151	3,161,200	6,112	**171,112,099**
2008	8,988,858	7,615,966	21,438,041	32,383,517	3,691,278	7,095,147	20,601,805	48,348,177	3,292,517	2,559	**153,457,865**
2009	7,322,364	3,708,331	18,661,076	25,572,943	3,643,493	5,769,881	16,359,443	37,861,408	3,416,783	1,965	**122,317,687**
2010	8,527,102	4,299,269	19,804,384	27,958,958	3,943,457	5,899,447	19,681,308	42,113,171	3,504,392	3,756	**135,735,244**
2011	7,018,498	4,150,396	15,634,872	24,699,638	3,337,460	5,525,369	17,117,779	37,137,382	3,946,582	6,537	**118,574,513**
2012	6,819,155	4,839,522	13,218,481	20,596,979	2,940,072	4,642,898	**	35,417,901	3,735,785	2,319	**92,213,112**
2013	7,224,361	4,285,050	13,677,273	18,683,424	2,612,423	3,653,195	**	33,607,796	2,771,105	2,761	**86,517,388**

* *Maine's emissions for the years 2000 through 2003 are shown as slightly higher than in Table 1 because emissions from the former Mason Station in Wiscasset are included in this Table 2 as part of Maine's baseline emissions under RGGI.*

** *New Jersey's emissions are not included in Table 2 beyond 2011 since New Jersey ended its participation in RGGI at the end of 2011.*

Reductions of greenhouse gas emissions from conservation programs funded by the Regional Greenhouse Gas Initiative Trust Fund.

The carbon dioxide savings from conservation programs funded by RGGI monies to-date is estimated at 1,421,082 short tons, from both direct fossil fuel reductions and reduced electricity use. In June 2013, the Maine Legislature passed LD 1559, *An Act to Reduce Energy Costs, Increase Energy Efficiency, Promote Electric System Reliability and Protect the Environment,* also referred to as the Omnibus Energy Bill. A critical piece of the Omnibus Energy Bill was a new directive to invest 35% of RGGI auction revenues in measures to reduce home heating demand. This change in the RGGI statute allowed the Trust to fund on a large scale projects that save heating oil, Maine's most common heating fuel, without relying on federal funds.

Maine statute directs the Trust to allocate 35% of RGGI funds to residential heating reduction programs, 50% to commercial and industrial programs and 15% to rate relief. The 15% rate relief funds were directed by the Commission to be paid to the transmission and distribution utilities for disbursal to ratepayers in order to maximize its benefit to the Maine economy. The Trust allocates the RGGI funds as directed after setting aside amounts for administration and statutorily mandated interagency transfers.

The objectives currently set in Maine statute for the Trust's use of RGGI funds are to support the goals and implementation of the carbon dioxide cap-and-trade program established under Title 38, section 580-B, and in particular to promote cost-effective energy efficiency measures to reduce greenhouse gas emissions, lower heating costs, and save electricity.

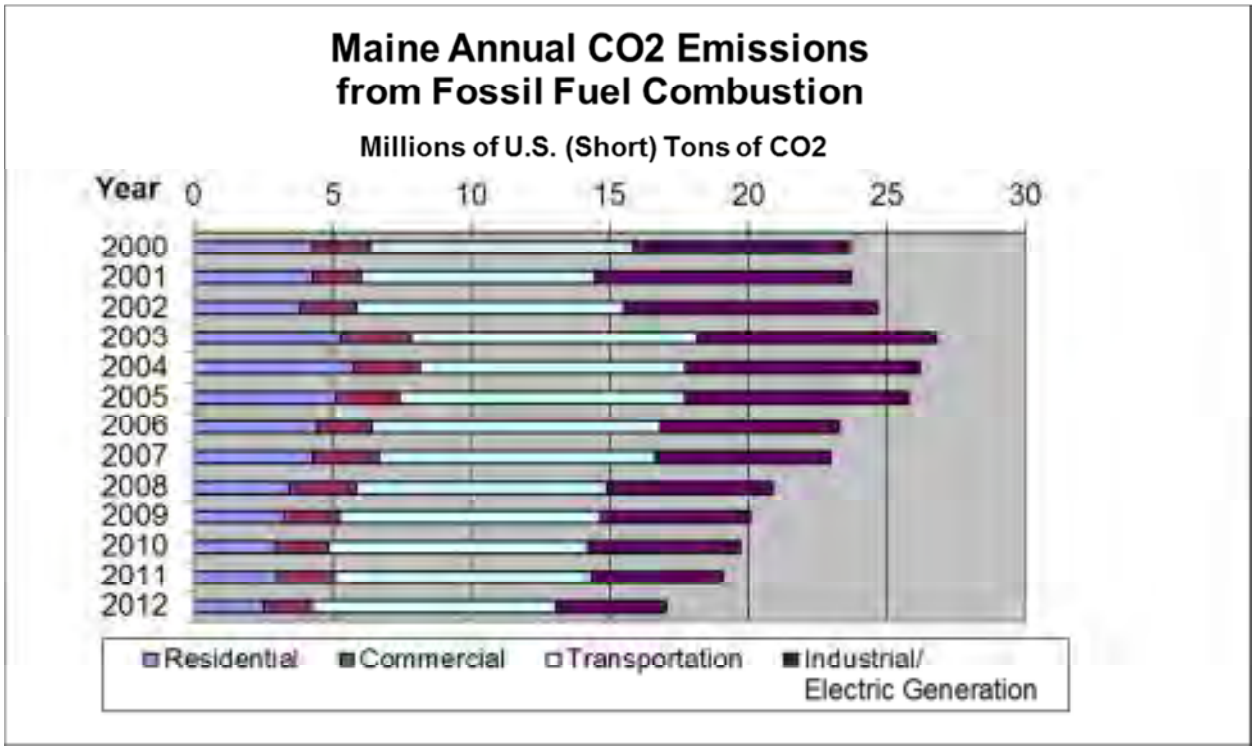
Reductions of greenhouse gas emissions from offset projects.
The offset project certification and application process was implemented in June of 2009. Independent third-party verifier status has been approved for private entities in three RGGI states. No third-party verifier has sought approval under Maine's RGGI rules to date. Maine has received no applications for RGGI offset projects located within the state, nor have there been any projects that have completed the application process in any other RGGI participating state. Forestry offset projects have occurred in Maine under the California program which offers higher offset prices for carbon allowances. To encourage availability of carbon offset funds under the west coast program, the RGGI states approved adoption of forestry offset standards similar to those in use in California which the RGGI states are implementing with a set of common rule and materials. Based on experience to date, the forest offsets may provide an additional source of funding for working Maine forests managed under these requirements. Based on experience with

development of offsets projects to sell into California's program where carbon allowance prices are more than double RGGI's, the demand for offset projects and their associated allowances may increase as a result of the recent reduction to the annual cap within the RGGI program.

B. The improvements in overall carbon dioxide emissions and energy efficiency from sources that emit greenhouse gases including electrical generation and fossil fuel fired units.

The yearly totals displayed in Table 3 below, show the improvements in CO_2 emissions from sources within Maine that emit greenhouse gases.

Table 3



Maine Annual CO_2 Emissions from Fossil Fuel Combustion (In Millions of U.S. Tons)					
Year	Residential	Commercial	Transportation	Industrial/Electric Generation	Total
2000	4.30	2.08	9.46	7.81	23.65
2001	4.28	1.75	8.45	9.22	23.70
2002	3.85	2.00	9.65	9.18	24.68
2003	5.27	2.55	10.33	8.64	26.79
2004	5.73	2.39	9.60	8.48	26.20
2005	5.10	2.30	10.34	8.07	25.81
2006	4.44	1.98	10.37	6.50	23.29
2007	4.26	2.39	9.99	6.31	22.95
2008	3.45	2.40	9.04	6.02	20.91
2009	3.24	2.00	9.46	5.36	20.06
2010	2.94	1.89	9.39	5.49	19.71
2011	3.02	2.05	8.71	4.76	18.54
2012	2.49	1.75	8.83	3.96	17.03

Note: Emissions data for calendar year 2013 and 2014 are not yet available.

C. The maximization of savings through systemic energy improvements statewide

The Trust's programs are described in more detail in section E. A review of the Trust's 2014 annual report illustrates a strong cost-effective statewide presence made possible through program participation and vendor partnerships. This has allowed the Trust to develop a robust, low-cost infrastructure for delivering energy efficiency programs to Maine's energy consumers.

By using RGGI funds to provide technical assistance and financial incentives, the Trust's programs have succeeded in helping Maine's residential, institutional, commercial, and larger industrial energy customers to make investments in their energy infrastructure. Leveraging RGGI funds, these customers have installed such upgrades as ductless heat pumps, insulation, pellet boilers, combined heat and power systems, new refrigeration systems, high-efficiency lights, and improved industrial processes that otherwise would not have occurred. The investment of RGGI funds in the Trust's programs is helping Maine's energy consumers make a transition to a higher level of energy efficiency, lowering their reliance on fossil fuels while reducing their greenhouse gas emissions and their operating costs.

D. Research and support of new carbon dioxide offset allowance categories for development in the State.

Historically, the supply of CO_2 allowances in the RGGI program have been substantially greater than the demand, causing CO_2 allowance prices to hover slightly below $2 per allowance during the first few years of the program. Due to the relatively low cost of allowances, there has not been a demand for offset allowances (or the projects that create them). With the recent downward adjustment to the annual cap (beginning in 2014) following the program review in 2012, the price of allowances at more recent auctions has increased to the range of $4 to $5 per allowance. Although this increase in allowance price has not yet resulted in the submission of applications for offset projects, continued allowance price increases in the auction and secondary markets is likely to result in more of a demand for offset allowances.

Section D-8 of Public Law, Chapter 369, the Omnibus Energy Bill passed into law by the 126th Legislature last year, directs the Department and the Commission to work together to develop and promote for recognition by the other states participating in RGGI a modification of the existing end-use energy efficiency offset category to provide incentives for industrial and residential consumers to switch from the use of oil and coal to fuels with lower greenhouse gas emissions. The law also directs the Department and the Commission to report progress on the development of this offset category as part of this annual report. To date, the Department and Commission have conferred and exchanged ideas on how best to move forward with this directive. However, considering the current lack of demand for offset allowances, the fact that many residential, commercial, and industrial customers are switching to natural gas for economic reasons alone, and issues associated with the "maximum market penetration rate" concept, the Department and Commission have determined that expending time and effort on developing this offset project category is not a good use of resources at this time. The "maximum market penetration rate" concept means that if offset projects within a specific category have already penetrated the market at a rate of 5% or more, offset projects in that category no longer qualify for offset allowances under the program. The Department and Commission will continue to monitor the level of demand for offset allowances over the next year, and if things change, will re-evaluate the situation.

E. Management and cost-effectiveness of the State's energy conservation and carbon reduction programs and efforts funded by the Energy and Carbon Savings Trust and Efficiency Maine Trust established pursuant to Title 35-A, section 10109.

On July 1, 2010 the Trust assumed responsibility for the duties of the Energy and Carbon Savings Trust, which was subsequently renamed the RGGI Trust Fund. Table 4 shows how RGGI funds were allocated to Trust program budgets in FY 2014. Table 5 shows savings of electricity (kWh), heating and process fuels (MMBtu), and greenhouse gases (GHG) attributable to the RGGI funds.

Table 4: FY 2014 RGGI Funding

Program	FY 2014 Funds
Residential Programs	
Home Energy Savings Program	$ 3,870,238
Retail Lighting Program	$ 670,785
Low Income Heating Upgrades	$ 318,971
Business Programs	
Business Incentive Program	$ 87,704
Large Customer Program	$ 1,553,386
Multifamily Program	$ 311,741
Cross Cutting	$ 223,427
Administration	$ 405,038
Inter-Agency Transfers	$ 1,803,690
Total	**$ 9,244,981**

Note: Statutory changes from the Omnibus Energy Act of 2013 caused a significant shift in how the Trust used RGGI funds starting in FY14 and caused a temporary slowing of expenditures. The Trust carried forward approximately $2.8 million of FY2014 RGGI revenues which are forecast to be fully expended in FY2015. Also note, Large Customer Program funds only reflect projects that were completed in FY 2014. Some RGGI funds were allocated in FY 2014 projects that will be completed in future years. The spending and savings associated with those projects will be reflected in future RGGI annual reports.

Table 5: Program Results Attributed to RGGI Funds

Program	FY 2014 Funds	Annual kWh Savings	Annual MMBtu Savings	Annual GHG Savings (Tons)
Residential Programs				
Home Energy Savings Program	$ 3,870,238	-	60,918	4,905
Retail Lighting Program	$ 670,785	7,734,838	-	3,968
Low Income Heating Upgrades	$ 318,971	-	7,643	615
Business Programs				
Business Incentive Program	$ 87,704	555,186	38	288
Large Customer Program	$ 1,553,386	6,638,080	-	3,405
Multifamily Program	$ 311,741	-	2,197	177
Cross Cutting	$ 223,427	-	-	-
Administration	$ 405,038	-	-	-
Inter-Agency Transfers	$ 1,803,690	-	-	-
Total	**$ 9,244,981**	**14,928,104**	**70,796**	**13,358**

Brief details about each of these programs are as follows:

Home Energy Savings Program

The Home Energy Savings Program (HESP) was designed to raise awareness about the benefits of home weatherization and to encourage homeowners to undertake cost-effective efficiency upgrades to reduce their heating demand. The program serves as a framework for market based weatherization and heating demand reduction achieved by providing rebates, financing, customer education and online resources. As noted in section A, the Omnibus Energy Bill authorized and encouraged the use of RGGI funds for rebates to save "all fuels" (as opposed to just electricity). The rebates targeted at residential consumers are administered under HESP. In FY 2014 the program invested $3,870,238 of RGGI funds, approximately 99% of the program's total budget. By running the HESP program almost exclusively with RGGI funds, the Trust was able to generate annual savings of 60,918 MMBtu in avoided energy costs. These savings include annual heating oil savings of 419,885 gallons. For the purposes of reporting, the Trust converts all energy savings created by the HESP program to MMBtu since the program includes heating oil, natural gas, electricity and other types of energy savings. The Omnibus Energy Bill, by expanding how RGGI funds could be invested, allowed HESP to provide more than 4,000 rebates to heating oil, natural gas, electricity and other energy saving measures in FY 2014, including more than 2,500 rebates for ductless heat pumps. High-efficiency ductless heat pumps which deliver an estimated 1,517 kWh per year savings over a standard efficiency ductless heat pump, generated over 3.8 million kWh in energy savings from avoided electricity usage in FY 2014. The average HESP rebate in FY 2014 of $839 incentivized an average project cost of $4,936. By leveraging RGGI funds the Trust was able to facilitate more than $19 million in energy efficiency investments in FY 2014.

Retail Lighting Program

Compact fluorescent light bulbs (CFLs) and Light-Emitting Diodes (LEDs) use less energy than traditional light bulbs while providing the same amount and quality of light. The Trust's Retail Lighting Program allows people from all over the state to replace their older light bulbs with energy efficient CFLs and LEDs. The program works to overcome first-cost barriers by collaborating with ENERGY STAR® lighting manufacturers and retailers to lower the price of CFLs and LEDs. The program invested $670,785 of RGGI funds in FY 2014, approximately 8% of the lighting program's total budget.

The program reimburses retailers for lowering their CFL and LED prices. For the vast majority of sales, the financial incentive was made automatically to the customer at the point of sale, requiring no paperwork. The lifetime energy savings resulting from the invested RGGI funds in FY 2014 totaled 7,734,838 kWh. The program accounted for more than 2.5 million bulbs in FY 2014. This was an increase of 27% over FY 2013 and the most the program has ever done in a single year.

Low Income Heating Upgrades Programs

The Trust's Low Income Heating Upgrades Programs is a label for two primarily RGGI-funded low income programs: the Efficient Central Heating Improvement Program (E-CHIP) and the Low Income Heat Pump Initiative. In FY 2014, the Trust held multiple

RGGI stakeholder forums to find ways the best ways to invest RGGI funds. One of the ideas that came out of the stakeholder process was the E-CHIP program. The program leverages Maine Housing's health and safety program named CHIP (Central Heating Improvement Program) which repairs or replaces failing central heating systems that present health and safety issues in low income homes. CHIP pays for the lowest cost option so the Trust pays 100% of the incremental cost of ensuring that new CHIP heating systems meet ENERGY STAR® efficiency standards. The Trust later started the Low Income Heat Pump Initiative when it became clear the volume of projects performed under the E-CHIP program would not fully invest the RGGI funds in FY 2014. The heat pump initiative works directly with Maine's Community Action Programs to identify low income homeowners with high fuel usage and install heat pumps in those homes. In FY 2014 the heat pump initiative installed more than 120 high-efficiency, ductless heat pumps in LIHEAP-eligible homes.

The $318,971 of RGGI funds accounted for approximately 96% of the total budget for these two initiatives and resulted in 7,643 MMBtu in energy savings.

Business Incentive Program

The Trust's Business Incentive Program provides education, technical assistance, quality control and financial incentives for energy upgrades to businesses of all sizes. The incentives fund a portion of the incremental cost of efficient electric equipment and are designed to entice businesses to install more energy efficient equipment than they would have otherwise. The Business Incentive Program used RGGI funds to launch a heat pump initiative late in the fiscal year.

The Business Incentive Program is also where the Trust is reporting the results of the Maine Advanced Buildings (MAB) initiative. The MAB initiative promotes high-efficiency commercial new construction and offers comprehensive strategies to help Maine property owners, developers, architects and engineers design new buildings that will achieve significant energy savings. The program offers education and financial incentives and shares best practices from buildings that successfully completed the program.
In FY 2014, the Business Incentive Program and MAB invested $87,704 of RGGI funds, approximately 1% of the program's overall budget. Through these channels, the RGGI funds generated annual savings of 555,186 kWh and 38 MMBtu in FY 2014.

Large Customer Program

The Trust's Large Customer Program provides financial incentives that leverage private investment in large-scale electrical savings projects. The program is targeted at the largest energy consumers in Maine such as hospitals, paper mills, large manufactures and organizations with multiple facilities. The incentives provided by the program help large Maine businesses overcome barriers to energy efficiency investments and help reduce the initial capital costs of the projects. This allows the projects promoted by the Trust to meet aggressive corporate return-on-investment criteria. In FY 2014 the program made significant strides to become more accommodating to Maine businesses by switching to a Program Opportunity Notice model and providing additional services to

businesses such as scoping audits, subsidizing technical assistance to develop project proposals and arranging briefings for some business sectors.

The incentives under the Large Customer Program are awarded primarily on the basis of annual kilowatt-hour savings per dollar of incentive funds, while project readiness, economic viability and other factors are also considered. The Trust completed seven Large Customer Program projects, five of which were funded using RGGI dollars. The five projects generated an annual savings of 6,638,080 kWh by using $1,553,386 of RGGI funds.

Multifamily Efficiency Program
The Trust's Multifamily Efficiency Program provides financial incentives for building owners to install energy efficiency measures in multifamily buildings that have more than five residential units. In FY 2014, the program also provided a free energy benchmarking report to building owners that compared their building's energy use with other similarly sized multifamily buildings in Maine, and included a fuel and electricity cost comparison; a list of suggested improvements, including estimated payback, energy cost savings, and installation costs; and an estimate of how much the property owner might save if they install a set of prescribed measures.

The program invested $311,741 of RGGI funds in FY 2014, approximately 9% of the program's total budget. The RGGI funds allowed the program to generate 2,197 MMBtu in annual savings from avoided energy use.

F. The extent to which funds from the Regional Greenhouse Gas Initiative Trust Fund established pursuant to Title 35-A, section 10109 serve customers from all classes of the State's transmission and distribution utilities.

Funding from the Trust was used to provide programs for residential (including low-income), commercial and industrial customer classes, including transmission and sub-transmission customers, as set forth in previous sections of this report.

G. The revenues and expenditures of the Regional Greenhouse Gas Initiative Trust Fund, established pursuant to Title 35-A, section 10109.

Revenues from the sale of Maine's allowances under RGGI have totaled $59 million as of the end of 2014 ($5.6 million in 2008, $9.6 million in 2009, $8.3 million in 2010, $5.2 million in 2011, $5.5 million in 2012, $14.1 million in 2013, and $10.6 million in 2014). Expenditures of the Regional Greenhouse Gas Initiative Trust Fund are described in section E of this report.

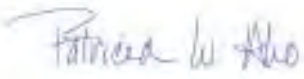
Voluntary Renewable Energy Set-aside
The number of allowances set-aside for the Voluntary Renewable Energy set-aside program are sufficient to adequately cover the number of claims, therefore the Department recommends keeping the amount of the set-aside at the current level of 2% of Maine's annual CO_2 allowance budget.

Recommendations
The statutory reporting requirement also provides for the Department, the Commission, and Efficiency Maine to propose changes that could be made to improve the program for the committee to consider.

The Department, the Commission, and Efficiency Maine recommended changes be made to the program based on the results of the program review process that concluded in 2012. The 126th Legislature approved those recommended changes in June 2013 and the Department's regulations were amended in November of 2013 to incorporate the legislative changes. Another program review is scheduled to take place in 2016 which may result in additional recommended changes to the program; however, no other changes are recommended at this time.

The Department, the Commission, and Efficiency Maine are available to present this report, and answer any questions you may have.

Respectively submitted,



Patricia W. Aho, Commissioner
Maine Dept. of Environmental Protection

David Littell, Commissioner
Maine Public Utilities Commission

Michael Stoddard, Executive Director
Efficiency Maine Trust