

Environment and Transportation Committee
HB66 Regional Greenhouse Gas Initiative – Withdrawal (Restoring Energy Freedom Act)

Sponsor: Delegate Brian Chisholm

Position: FAVORABLE

Chair Korman, Vice Chair Guyton, and members of the Environment and Transportation Committee:

Thank you for the opportunity to testify in support of **HB66**, the **Restoring Energy Freedom Act**, which **requires the Governor to withdraw Maryland from the Regional Greenhouse Gas Initiative (RGGI)**.

This bill is about one core principle:

Marylanders should not be forced to pay a state-imposed carbon tax embedded in their electric rates especially when family budgets are already stretched and grid reliability is deteriorating.

1) RGGI states are consistently among the highest-cost electricity states

The simplest “real-world” test of RGGI is what happened to prices where it operates.

Federal electricity price data show that **multiple RGGI member states rank among the highest electricity price states in America** including **Connecticut, Massachusetts, Rhode Island, New York, Maine, and Maryland** states that routinely post well-above-average retail rates.

A recent **Lawrence Berkeley National Laboratory (LBNL) / Brattle** analysis of retail price trends (2019–2024) likewise identifies **several RGGI states among the biggest electricity price run-ups in the country**, including **Connecticut, Massachusetts, Maine, Rhode Island, and New York**.

Whatever the intent of RGGI, the lived experience in much of the RGGI region has been unmistakable: **higher electricity prices and faster growth in electric bills**.

2) RGGI is a ratepayer-funded carbon fee that must be recovered in electricity prices

RGGI requires covered power plants to hold allowances for CO₂ emissions. Those allowances are not free and the auction clearing prices have been substantial (for example, **RGGI Auction 69 cleared at \$22.25/ton**).

Those compliance costs flow through the PJM wholesale market and into what Marylanders pay either directly in supply prices or indirectly through rate mechanisms. In plain English:

RGGI adds a government-imposed cost to producing electricity, and ratepayers ultimately absorb it.

3) Emissions “leakage” undermines the environmental case while ratepayers still pay

Even if the goal is emissions reduction, the program’s structure creates a serious problem: **generation can shift to non-RGGI states and imports rise**, reducing in-region emissions on paper while **actual emissions may simply move elsewhere**.

Peer-reviewed research finds substantial potential leakage from RGGI-regulated states into unregulated areas.

So Maryland families can end up paying more **without a proportional climate benefit** particularly in a regional market like PJM where power flows across state lines constantly.

4) “But RGGI revenue comes back to the state...” is not a guarantee of ratepayer relief


Supporters often argue RGGI “pays back” through state programs funded by auction proceeds. But even RGGI-friendly economic reports explicitly rely on assumptions about how proceeds are spent and how effectively those programs reduce bills.

And in practice, Maryland’s RGGI proceeds are routed through SEIF and the budget process where funds can be repurposed. Recent reporting and budget discussions have raised alarms that clean-energy funds tied to SEIF/RGGI proceeds can be **shifted to plug general fund gaps**.

Cash Balance as of 6/30/2025		1,007
Less Prior Year Outstanding Encumbrances (MEA) ¹	-324.5	
Available Fund Balance for FY2026	682.6	
FY2026 Revenue Projection (@ with budget mechanism)	432.8	
FY2026 Appropriations	-341.4	
Projected Funds Available EOY ²		774

¹ Encumbrance value includes program related FY2025 accruals and revenue recognition
² RGGI auction revenue in excess of the budgeted price are not included the funds available calculation for FY2026.

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Other Key Features

- Due to surging Regional Greenhouse Gas Initiative and Alternative Compliance Payment revenues, the State has accumulated a substantial Strategic Energy Investment Fund (SEIF) surplus. As shown in the chart below, the Governor proposes allocating about \$333 million to budget relief and \$392 million to enhancements. After these actions, a SEIF balance of \$164 million remains.

Proposed Use of SEIF Surplus (\$ in Millions)

Budget Relief (\$333 Million)

Transfer to General Fund (Includes Balance in Administration Account)	\$292
Capital Budget Projects	30
Fund Swaps	11

The Strategic Energy Investment Fund (SEIF), which once held a balance of approximately **\$1.007 billion**, was **raided for roughly \$843 million**, leaving an estimated **\$164 million remaining under the most recent budget forecast**.

That's the key point: **RGGI is a mandatory charge on electricity** first and any "benefit" later is **dependent on political choices**, not guaranteed ratepayer refunds.

Marylanders deserve affordability they can count on not "we'll tax your electricity today and maybe spend it well tomorrow."

Why HB66 is the right policy

HB66 restores energy freedom and affordability by:

- Ending Maryland's participation in a program that **adds costs to electricity and risks pushing generation out of state**;
- Reducing upward pressure on supply prices in a regional market; and
- Sending a clear signal that Maryland will prioritize **reliable, affordable power**—not policy-made scarcity.

Maryland is already facing rising bills, reliability warnings, and major cost drivers in the grid. This is the wrong moment to continue to double down on programs that embed additional costs into electricity.

HB66 is a practical, immediate step to remove an artificial cost from Maryland's power system and put ratepayers first.

I respectfully request a **Favorable Report** on HB66.