



Memorandum

April 23, 2025

To: Board of Trustees
From: Greg Leclair, Director of Finance and Administration
Peter Eglinton, Deputy Director
Re: Proposed Adjustment to the FY2025 Budget

Proposed Motion

Move to adjust the FY2025 source of funding (revenue) budget to include FY2025 Regional Greenhouse Gas Initiative (RGGI) revenues in excess of the initial FY2025 budget, and to reserve those funds for use in FY2026 and FY2027, as described in this memorandum. This will result in a total FY2025 source of funding (revenue) budget of \$267,036,720, as shown in Table 1 below.

Background and Recommendations

The Trust's RGGI revenue forecast for FY2025 was originally \$26,700,000. Auction proceeds have been consistently higher than anticipated; with three of the fiscal year's four quarterly RGGI auctions now complete, the Trust has already received \$38,094,010 year-to-date (\$11,394,010 over the annual forecast).

Staff proposes reserving the additional RGGI revenues for use in FY2026 and FY2027. This action is designed to position the Trust to manage significant uncertainty in the fiscal year ahead, attributable to a combination of factors. First, future RGGI revenue levels may be adversely affected by the ongoing litigation in Virginia regarding the legality of withdrawing the state's RGGI membership. Additionally, President Trump issued Executive Order 14260, *Protecting American Energy From State Overreach*, on April 8, 2025 (see Exhibit A below), calling for an end to the enforcement of "burdensome and ideologically motivated 'climate change' or energy policies that threaten American energy dominance and our economic and national security." The Executive Order specifically cites California's carbon cap-and-trade system as an example of such a policy. Second, there is significant uncertainty about measure costs due to tariffs and inflation. Third, the Trust continues to navigate uncertainty surrounding the availability of federal grants.

Reserving excess RGGI funds will also help the Trust manage the cap on Electric Efficiency Procurement funding. As noted in the Triennial Plan VI budget, the Trust expects the maximum achievable cost-effective energy efficiency potential (MACE) to exceed the cap in FY2027. Staff is eager to have funds available to offset the Electric Efficiency Procurement, as needed, to stay under the cap while still capturing MACE.

At this time, Staff proposes reserving the *known* RGGI revenues in excess of forecast, as shown in Table 1 below. When Staff presents an amended Triennial Plan VI budget at the May Board meeting, Staff will propose allocating these and any forecasted additional excess RGGI funds to FY2026 and FY2027.

Table 1: Proposed Amendment to the FY2025 Revenue/Source of Funding

Proposed Amendment to the FY2025 Revenue/Source of Funding

Funding Source	RGGI Fund	Total
RGGI Proceeds	11,394,010	11,394,010
Total - Funding Source	\$ 11,394,010	\$ 11,394,010

Exhibit A:

[Executive Order No. 14260](#), *Protecting American Energy From State Overreach*, April 8, 2025

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. Purpose. My Administration is committed to unleashing American energy, especially through the removal of all illegitimate impediments to the identification, development, siting, production, investment in, or use of domestic energy resources — particularly oil, natural gas, coal, hydropower, geothermal, biofuel, critical mineral, and nuclear energy resources. An affordable and reliable domestic energy supply is essential to the national and economic security of the United States, as well as our foreign policy. Simply put, Americans are better off when the United States is energy dominant. American energy dominance is threatened when State and local governments seek to regulate energy beyond their constitutional or statutory authorities. For example, when States target or discriminate against out-of-State energy producers by imposing significant barriers to interstate and international trade, American energy suffers, and the equality of each State enshrined by the Constitution is undermined. Similarly, when States subject energy producers to arbitrary or excessive fines through retroactive penalties or seek to control energy development, siting, or production activities on Federal land, American energy suffers.

Many States have enacted, or are in the process of enacting, burdensome and ideologically motivated “climate change” or energy policies that threaten American energy dominance and our economic and national security. New York, for example, enacted a “climate change” extortion law that seeks to retroactively impose billions in fines (erroneously labelled “compensatory payments”) on traditional energy producers for their purported past contributions to greenhouse gas emissions not only in New York but also anywhere in the United States and the world. Vermont similarly extorts energy producers for alleged past contributions to greenhouse gas emissions anywhere in the United States or the globe. Other States have taken different approaches in an effort to dictate national energy policy. California, for example, punishes carbon use by adopting impossible caps on the amount of carbon businesses may use, all but forcing businesses to pay large sums to “trade” carbon credits to meet California’s radical requirements. Some States delay review of permit applications to produce energy, creating de facto barriers to entry in the energy market. States have also sued energy companies for supposed “climate change” harm under nuisance or other tort regimes that could result in crippling damages. These State laws and policies weaken our national security and devastate Americans by driving up energy costs for families coast-to-coast, despite some of these families not living or voting in States with these crippling policies. These laws and policies also undermine Federalism by projecting the regulatory preferences of a few States into all States. Americans must be permitted to heat their homes, fuel their cars, and have peace of mind — free from policies that make energy more expensive and inevitably degrade quality of life.

These State laws and policies try to dictate interstate and international disputes over air, water, and

natural resources; unduly discriminate against out-of-State businesses; contravene the equality of States; and retroactively impose arbitrary and excessive fines without legitimate justification. These State laws and policies are fundamentally irreconcilable with my Administration's objective to unleash American energy. They should not stand.

Sec. 2. State Laws and Causes of Action. (a) The Attorney General, in consultation with the heads of appropriate executive departments and agencies, shall identify all State and local laws, regulations, causes of action, policies, and practices (collectively, State laws) burdening the identification, development, siting, production, or use of domestic energy resources that are or may be unconstitutional, preempted by Federal law, or otherwise unenforceable. The Attorney General shall prioritize the identification of any such State laws purporting to address "climate change" or involving "environmental, social, and governance" initiatives, "environmental justice," carbon or "greenhouse gas" emissions, and funds to collect carbon penalties or carbon taxes.

(b) The Attorney General shall expeditiously take all appropriate action to stop the enforcement of State laws and continuation of civil actions identified in subsection (a) of this section that the Attorney General determines to be illegal.

(c) Within 60 days of the date of this order, the Attorney General shall submit a report to the President, through the Counsel to the President, regarding actions taken under subsection (b) of this section. The Attorney General shall also recommend any additional Presidential or legislative action necessary to stop the enforcement of State laws identified in subsection (a) of this section that the Attorney General determines to be illegal or otherwise fulfill the purpose of this order.

Sec. 3. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

- (i) the authority granted by law to an executive department, agency, or the head thereof; or
- (ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

DONALD J. TRUMP

THE WHITE HOUSE,
April 8, 2025.