

Clayton McKay
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LD 307

Chair Lawrence, Chair Sachs and fellow ratepayers on the EUT Committee
I want to thank Representative Sachs for LD 307 A Concept Bill, which gives
opportunity for a wide open discussion.

I am sure you all know about the NEW MODEL RULE of 2025 proposed by RGGI.
It is worth examining before this committee.

The war on natural gas and oil as electricity generation fuels has taken on new
proportions. RGGI, the agency that counts and rations carbon dioxide emissions from
power plants, has proposed a new Model Rule to take effect in 2027, described as
follows:

This 2025 Model Rule drops allowances to 69.8 million tons by 2027 and continues
decreasing annually by an additional 10.5% of the 2025 budget (8.5 million tons on
average) through 2033. From 2033 to 2037, the cap's steep decline softens, reducing
allowances by 3% of the 2025 budget (2.3 million tons on average) every year.

Contrast this proposed rule to the existing rule:

The 2017 Model Rule, the next most recent iteration of the Rule, established a
regional emissions cap to decrease available allowances by around 10 million tons of
CO2 between 2025 and 2030, starting at around 80 million tons and remaining at a
total cap of around 70 million tons thereafter.

In terms of number of allowances and associated percentage of production allowed
compared to 2024 production from natural gas-fired plants in RGGI states.

The production from natural gas-fired plants in RGGI States for 2024 was
171,962,000 megawatt-hours accounting for 67,477,889 tons of CO2 (An allowance
= 1 ton of CO2)

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|------|-------------------------|-----------------------------|
| 2027 | 69.8 million allowances | |
| 2028 | 61.3 million allowances | 90.8% of production in 2024 |
| 2029 | 52.8 million allowances | 78.2% |
| 2030 | 44.3 million allowances | 65.6% |
| 2031 | 35.8 million allowances | 53.1% |
| 2032 | 27.3 million allowances | 40.5% |
| 2033 | 18.8 million allowances | 27.9% |
| 2034 | 16.5 million allowances | 24.5% |
| 2035 | 14.2 million allowances | 21.0% |
| 2036 | 11.9 million allowances | 17.6% |
| 2037 | 9.6 million allowances | 14.2% |

How soon will natural gas/oil plants be retiring with these allowance caps?
Even if the caps are allowed to increase incrementally above the figures above, what
will be the allowance prices from competition.

BTW, the ENR Committee gave a bill adopting this new model rule a "Ought to Pass"
with little over 20 minutes of discussion, January 28,2026.

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