Clayton McKay
Dixfield
LD 307

Chair Lawrence, Chair Sachs and Fellow Ratepayers of the EUT Committee

I am testifying neither for or against LD 307 Resolve to Establish the Maine Artificial Intelligence Data Center Coordination Council

I provide testimony to alert people of the new developments within RGGI ( Regional Greenhouse Gas Initiative ) and the recent orders issued by the United States Department of Energy. I believe these two events will lead to monumental unaffordable electricity costs and cause unrest and outrage among Maine energy consumers, including residential, commercial and industrial users.

AN BRIEF OVERVIEW OF RGGI

RGGI started a CO2 Budget Trading Program beginning January 1, 2009. It, presently, has ten states enrolled : Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, Maryland, Delaware, New York and New Jersey.

Carbon emitting electrical generation plants over 25 megawatt capacity in these ten states participate in quarterly auctions to purchase allowances( tons of carbon dioxide emissions). These allowances are capped by an overall amount including all ten states and states develop their own caps under a framework using proportional carbon dioxide contributions.

RGGI is designed to reduce carbon dioxide emissions from power plants by incrementally reducing the cap.

The RGGI states' CO-2 Budget Trading Programs regulate only CO-2 emissions from the power sector.

RGGI auctions produce a clearing house cost applied to every ton of carbon dioxide from every emitting plant in the ten states over 25 megawatt capacity.

RGGI regulates the carbon dioxide allowance program by implementing Model Rules. Thes Model Rules are updated periodically. The first Model Rule was established in 2006, updated in 2013 & 2017. RGGI has presented the ten states with the 2025 updated Model Rule with states required to review and adopt the 2025 rule by January 1, 2027.

Every person who conducts the people's business by enacting laws, regulating laws or proposing laws should familiarize themselves with RGGI before making a decision on this resolution. Every person should ask themselves what will be the implications from adopting the 2025 Model Rule and how this may affect Artificial Intelligence electricity needs. More importantly, how will the 2025 Model Rule affect everything about electricity, from costs to ratepayers to reliable production of electricity.

2025 MODEL RULE PROPOSAL

Key Specifics of the 2025 Model Rule:
"Updates to the Regional Base CO2 Allowance Budget (XX-5.1): The updated Model Rule reduces the regional emissions cap in 2027 to 69,806,919 tons of CO2 from 75,717,784 tons under the previous Model Rule.
Allowances decline by an average of 8,538,789 tons per year, which is approximately 10.5% of the 2025 budget, thereafter through 2033. Then, from 2034 through 2037 the cap will decline by 2,386,204 tons of CO2 annually, which is approximately 3% of the 2025 budget
. Subsequent years are set to match the 2037 emissions cap. No adjustments are made to banked allowances, which continue to be available for compliance Setting the regional cap beyond 2037 will be addressed in the next

RGGI Program Review, to begin no later than 2028.

HISTORICAL ALLOWANCE COSTS

Auction 1 09-25-2008 $3.07 per allowance
Auction 70 12-03-2025 $26.73 per allowance
Next Auction to be held March 11,2026

These costs are included in production costs of carbon dioxide emitting plants over 25 megawatt capacity. According to ISO-NE in their 2024 Annual Market Report": Pg 34

"Carbon allowance costs also made up a larger share of total fossil fuel generation costs compared to prior years, driven by rising prices under the Regional Greenhouse Gas Initiative (RGGI). $CO_2$ costs represented a significant portion of production costs—ranging from 11% for oil-fired generation to approximately 30% for natural gas generation. $CO_2$ emissions costs were therefore a notable driver of energy prices; We estimate that carbon programs contributed approximately $8/MWh to the average annual load-weighted energy price and added about $910 million to total energy costs."

Total Energy Costs in 2024 were $5.6 billion dollars. Carbon Dioxide emission costs were 16.6% of energy costs.

A COLD SNAP THAT CAUSED THE GRID TO CHANGE

I am sure everyone has noticed that ISO-NE has had to use millions of gallons of oil lately to maintain their imposed reliability margins. Natural gas had to be provided to customers with hookups to natural gas pipelines for heating buildings, portable water and meal preparations before delivery to electricity generating plants. A shortfall occurred and the grid operator had to request a waiver from the United States Department of Energy to forego RGGI requirements and use the resource of last resort; oil. Long story short, the grid is entering a realm that pits the reduction of carbon dioxide against the lights staying on and/or the affordability of energy becomes history.

Energy Department Extends Emergency Order in New England Ahead of Second Winter Storm
Secretary Wright extends emergency order to stabilize New England’s grid, save lives, and lower costs ahead of the second major winter storm in a week

WASHINGTON—The U.S. Department of Energy extended an emergency order to mitigate blackouts in New England ahead of more winter weather, with below freezing temperatures projected over the weekend and into early next week. Pursuant to Section 202(c) of the Federal Power Act, the extension authorizes ISO New England Inc. (ISO-NE) to run specified resources located within the ISO-NE region, regardless of limits established by environmental permits or state law.

ISO-NE requested the extension because the emergency conditions will persist beyond the term of the original order. The original orderwas issued on January 25, 2026.

"This winter storm demonstrates why the Trump Administration continues to reverse the dangerous energy subtraction agenda of the previous administration,” said U.S. Secretary of Energy Chris Wright. “Those policies weakened the grid and left Americans more vulnerable to blackouts and higher electricity prices. We are doing everything in our power to reverse those reckless decisions. The Trump Administration is committed to using every available tool, and unleashing all available power generation, to keep the lights on and Americans safe.”

On day one, President Trump declared a national energy emergency. after the Biden

Administration’s energy subtraction agenda left behind a grid increasingly vulnerable to blackouts. According to the North American Electric Reliability Corporation (NERC), “Winter electricity demand is rising at the fastest rate in recent years,” while the premature forced closure of reliable generation such as coal and natural gas plants leaves American families vulnerable to power outages. The NERC 2025 – 2026 Winter Reliability Assessment further warns that areas across the continental United States have an elevated risk of blackouts during extreme weather conditions.

Power outages cost the American people $44 billion per year, according to data from DOE’s National Laboratories. This order will help mitigate power outages in the Mid-Atlantic and Carolinas and highlights the commonsense policies of the Trump Administration to ensure Americans have access to affordable, reliable and secure electricity.

This order is now valid through 11:59 PM ET on February 14, 2026.

Consider this following report describing the reality of constraining fossil fuels by rapidly reducing carbon dioxide emissions:

"As fossil fuel use declines, experts urge planning and coordination to prevent chaotic collapse"
by Renée LaReau, University of Notre Dame  January 30, 2026

As the world shifts toward renewable energy sources, some experts warn that a lack of planning for the retirement of fossil fuels could lead to a disorderly and dangerous collapse of existing systems that could prolong the transition to green energy.As the world shifts toward renewable energy sources, some experts warn that a lack of planning for the retirement of fossil fuels could lead to a disorderly and dangerous collapse of existing systems that could prolong the transition to green energy.

In a study published in the journal Science, University of Notre Dame researchers Emily Grubert and Joshua Lappen argue that fossil fuel systems might be far more fragile than current energy models assume.In a study published in the journal Science, University of Notre Dame researchers Emily Grubert and Joshua Lappen argue that fossil fuel systems might be far more fragile than current energy models assume.

"Systems designed to be large and growing behave differently when they shrink," said Grubert, associate professor of sustainable energy policy at Notre Dame's Keough School of Global Affairs and a faculty affiliate of the Keough School's Pulte Institute for Global Development. "Ignoring this shift puts everything at risk, from the success of green energy to the basic safety and reliability of our power."

The researchers introduced the concept of "minimum viable scale," a threshold of production below which a fossil fuel system can no longer function safely or economically. They provided examples of vulnerabilities in three major sectors:

Petroleum refineries: Most refineries are incapable of operating normally at low capacity and likely have "turndown limits," or a minimum operational capacity, of roughly 65% to 70%. If gasoline demand drops sharply due to electric vehicle adoption, for example, a refinery might become incapable of providing other products such as jet fuel or asphalt.
Natural gas pipelines: As customers switch to electric heating and cooling, those remaining on the gas grid will have to shoulder the fixed costs of maintaining miles of pipelines. This can create a "death spiral" where rising costs drive customers away.
Coal generation: The authors highlighted a "managerial constraint" where the fate of coal mines and power plants is inextricably linked. A single plant closure can make a local mine unprofitable. Conversely, a mine closure can leave a power plant without its specific, geographically dependent fuel source, leading to a cascade of failures.
The researchers report that the decline of fossil fuels is unlikely to follow the smooth, linear path often depicted in hypothetical decarbonization scenarios. Instead, they identify a series of physical, financial, and managerial "cliffs" that could trigger localized energy crises, price shocks, and safety threats long before fossil fuels are

retired."Systems designed to be large and growing behave differently when they shrink," said Grubert, associate professor of sustainable energy policy at Notre Dame's Keough School of Global Affairs and a faculty affiliate of the Keough School's Pulte Institute for Global Development. "Ignoring this shift puts everything at risk, from the success of green energy to the basic safety and reliability of our power."

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Policymakers have focused intensely on the build-out of green energy while largely ignoring the managed decline of the current systems that still provide 80% of global energy—a critical oversight, they said.

"None of these systems were designed with their own obsolescence in mind," said Lappen, a postdoctoral researcher at the Pulte Institute who studies how energy networks grow and shrink over time.

"None of the engineers, founding executives, economists, or accountants involved ever imagined a system that would gradually and safely hand off to another."

The danger, according to the authors, is that these systems are "networks of networks." If one piece fails—a pipeline, a specialized labor pool, or a regulatory body—the entire regional energy support system could dissolve.

"If you are leaving decisions about things staying open or closing to individual operators who are not coordinated in any way, this can be incredibly dangerous," Grubert said.

How to manage decline

To avoid disruption of services, the researchers argued that the current U.S. approach of bailouts and bankruptcies is inefficient. They recommended four key solutions for policymakers and energy modelers:

High-resolution modeling: Energy modelers should develop tools that provide high-resolution representation of fossil fuel assets to identify when specific facilities reach their minimum viable scale.

Coordination across ownership boundaries: Policymakers must establish management structures that coordinate decisions across ownership boundaries to prevent a single failure from triggering a cascade of collapses.

Public management for public need: As systems become unprofitable, they may require significant new investments to remain safe and reliable in the short term, while still committing to closure. Such decisions should be managed by government entities.

Guaranteed liabilities: Governments should create mechanisms to guarantee the

payment of long-term liabilities—"bills" due at the end of a project such as safely tearing down power plants, cleaning up polluted soil, or paying out pensions to workers—to ensure that declining systems are not simply abandoned by private operators.

Without such intervention, the authors warn, the "mid-transition" period to zero carbon energy could be defined by instability. If the decline is unmanaged, the resulting price spikes and reliability issues could undermine public trust in the energy transition itself, potentially stalling progress toward meeting important climate goals.

"We will be more creative and more successful if we think about the process outside the moment of crisis," Grubert said. "Focusing more attention on the behavior of fossil systems under decline can help put timely solutions into place."

More information: Joshua Lappen, Fossil energy minimum viable scale, Science (2026). Policymakers have focused intensely on the build-out of green energy while largely ignoring the managed decline of the current systems that still provide 80% of global energy—a critical oversight, they said.

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Simple State Policies are about to crash into a complex reality. What will the policymakers do?