

Maine Public Utilities Commission

NEWS RELEASE

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FOR IMMEDIATE RELEASE

July 31, 2008

MPUC Appoints Trustees to New Regional Greenhouse Gas Initiative Board

*Trustees to administer funds created by carbon
allowance trading*

AUGUSTA, Maine – Today Sharon M. Reishus, Chairman of the Maine Public Utilities Commission announced the appointment of three respected Mainers to become Trustees of the Energy and Carbon Savings Trust. The Trustees will be charged with establishing the trust and administering funds produced by the auction of “carbon allowances” under the Regional Greenhouse Gas Initiative (RGGI).

The Trustees are: Tom Tietenberg, recently retired Mitchell Family Professor of Economics at Colby College and an expert in emissions trading; P. Andrews Nixon, the recently retired Chairman of the Dead River Company and a member of the Maine Board of Environmental Protection, and; Stephen L. Diamond, a former Commissioner of the Maine PUC and former state Deputy Attorney General.

“These citizen volunteers are to be highly commended for taking on this extraordinary public service,” said Chairman Reishus. “RGGI has great potential to help solve the economic and environmental challenges posed by energy production, and judicious administration of the Trust will bring credibility to the process and benefits to all Maine ratepayers.”

The Maine Legislature enacted RGGI in 2007, joining Maine in a 10-state effort to reduce regional carbon dioxide (CO₂) emissions that are contributing to global climate change.

RGGI establishes a goal of reducing carbon emissions from large fossil fuel-fired power plants in the region by 10% by the year 2018. It sets a cap on the total

CO2 emissions that are allowed from the RGGI power plants. In Maine there are currently six plants that fall within the RGGI program, and in the first year they will be allowed to emit almost 6 million tons of CO2 – an amount to be ramped down incrementally in following years to meet the 10% reduction.

Each power plant determines how to stay within its set allotment. They may purchase or trade “allowances” -- each allowance representing one ton of CO2 emissions -- or they may reduce emissions through efficiency measures or by purchasing “carbon emission offsets.”

The allowances will be sold at quarterly auctions, with some states (including Maine) participating in auctions starting as early as September 2008. Maine’s share of the auction proceeds will be received by the Energy and Carbon Savings Trust. Preliminary projections show that Maine’s potential share in RGGI proceeds from the first auction year could range from less than \$10 million to \$26 million.

Under Maine’s RGGI law, the first \$5 that every allowance sold produces must be dedicated to efficiency measures – as decided by the Trustees. Any amount above the \$5 threshold must be turned back to electricity consumers in the form of electricity bill rebates.

The law also requires the Trustees to spend 85 percent of the efficiency funds on measures that reduce electricity use through the year 2011. The remaining 15 percent may be used for measures that directly reduce the consumption of fossil fuels.

The Trustees’ decisions will be coordinated with efficiency programs operated by the PUC. A separate body already appointed by the PUC, the Energy Conservation Board, will advise the Trust and the PUC on coordination of efficiency efforts. The Energy Conservation Board will also advise the Trustees and the PUC on the creation of a triennial energy plan for the state.

“This is a significant step towards the realization of RGGI’s promise,” Chairman Reishus said. “The Commission is confident that the expertise of the Trustees will serve Maine well.”

The Trustees biographies are attached with this press release, or available on request.

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The Public Utilities Commission is committed to ensuring that consumers have access to safe and reliable service for public utilities and that the rates for these utilities are just and reasonable. PUC programs include Maine Enhanced 911 Service, Dig Safe, and Efficiency Maine.

To arrange an interview with Chairman Reishus or Commissioner Vendean Vafiades, please contact Fred Bever at 207.287.6141 or by e-mail at fred.bever@maine.gov. The Commission’s website, www.maine.gov/mpuc may be accessed through the Maine School and Library Network at all public libraries in Maine.