



TO: All Honorable Members of the Pennsylvania State Senate

FROM: Kevin Sunday, Director of Government Affairs

DATE: September 9, 2020

RE: House Bill 2025 and Pennsylvania's Energy Policy

I am writing on behalf of the diverse membership of the Pennsylvania Chamber of Business and Industry, the largest, broad-based business advocacy organization in the Commonwealth, to provide our perspective on HB 2025, which will be considered on the floor of the Senate this week, and more broadly the state of the state's energy and tax policy.

We appreciate the efforts of the members of the House and Senate introducing legislation, such as HB 2025, that encourages a more deliberative process with respect to the state's potential participation on the Regional Greenhouse Gas Initiative, or RGGI. More broadly, the future of the state's energy and environmental policy requires a constructive process, recognizing the need to continue to position the state for increased investment and competitiveness in the wake of the still on-going pandemic.

We have several outstanding concerns with respect to RGGI. We remain concerned over the potential leakage of power generation resources to neighboring states within the PJM grid who do not participate in RGGI, which the Governor's Executive Order tasked DEP with addressing but does not appear to be addressed in the regulatory documents published to the Environmental Quality Board's website for its Sept. 15 voting meeting. While the administration has released several economic modeling analyses, the precise cost to residential, consumer and industrial customers has not been defined apart from the purported benefits of the administration spending RGGI proceeds. Further, we are very concerned with the regulatory actions taken by some RGGI states to block pipeline development that would deliver Pennsylvania's natural gas to northeastern markets, as well as various regulatory petitions filed by these states to the Environmental Protection Agency asking for more punitive regulatory actions against our energy and manufacturing industries. Finally, while Pennsylvania's energy prices are lower than that of northeastern states, as a matter of overall competitiveness, the state still falls short on competitiveness compared to many other states in the realm of tax and energy regulatory policy.

These are issues that can and must be resolved through a deliberative process that involves the legislature, the administration and the regulated community and that addresses long-needed reforms to the state's tax and energy regulatory policy. It is our hope that such a process will accommodate the real need to re-shore manufacturing to Pennsylvania and to establish long-term certainty on energy and environmental policy. As we have stated throughout the discussions on the future of Pennsylvania's energy and environmental

policies, climate change is real and so is the need to have the business community at the table to discuss solutions and consider the tradeoffs.