

Testimony

Submitted on behalf of the
Schuylkill Chamber of Commerce, Robert S. Carl, Jr., President and CEO
January 31, 2025

Public Hearing on “Stopping New Energy Taxes”
Before the Pennsylvania House of Representatives Republican Policy Committee
Orwigsburg Veterans Memorial Community Hall
300 Grove Street
Orwigsburg, PA 17961

Good morning, Chairman David H. Rowe and honorable members of the PA House Republican Policy Committee, my name is Robert S. Carl, Jr. and I am the President and CEO of the Schuylkill Chamber of Commerce. The Schuylkill Chamber of Commerce represents 770 business and nonprofit members in the greater Schuylkill County region, but with members from many Pennsylvania counties in the Commonwealth of PA. We represent employers of all sizes, crossing all industry sectors and include members involved in all aspects of the energy industries and those procuring energy every day for their industries and businesses. We are proud to have been recognized as the 2022 and 2024 Chamber of the Year by the Pennsylvania Association of Chamber Professionals (PACP), a testament to our chamber staff members and Board of Directors’ leadership in supporting our members through advocacy, education, member relations, infrastructure enhancement and in partnership and collaboration with the Schuylkill Economic Development Corporation (SEDCO) who has successfully recruited 50 Fortune 500 companies to Schuylkill County.

Pennsylvania and Schuylkill County has long been a cornerstone of the nation’s energy. Schuylkill County was literally the energy home of the Industrial Revolution due to its rich mineral asset of anthracite coal. Even today, anthracite coal is a major export with a recent *Republican Herald* article high lighting how the Reading, Blue Mountain and Northern Railroad carried more than one million tons of anthracite coal in 2024. The railroad’s outlook

and critical importance to economic growth and vitality is supported by it servicing coal, petrochemical and consumer products services, including America's Oldest Brewery, D.G. Yuengling & Son.

Pennsylvania is currently the top electricity exporter and top supplier of natural gas, coal, and refined petroleum products. Because of our Marcellus and Utica Shale mineral reserves, we are the second largest natural gas producing state to Texas and the third largest producer of electricity to Texas and Florida. While for a significant portion of our energy history, coal-fired power served as the backbone of our energy portfolio serving our homes, businesses, and industries in Schuylkill County, across the Commonwealth of PA and across our nation, in recent years the energy portfolio has shifted in percentage related to market forces, environmental regulations, and alternative fuel sources and directly related to the resources of Marcellus and Utica Shale creating the emergence of natural gas. The current portfolio is natural gas, 59% followed by nuclear, 31.9%, coal, 5.4%, renewals 3.3%, and others, 0.4%.

Of importance in this conversation, is that through the reallocation of the energy and the shift to natural gas, the Pennsylvania Power sector has reduced its CO2 emissions by 46 percent from 2005 until 2020, far outpacing other sectors in emission reduction such as transportation and industrial.

Now comes the discussion regarding the importance of Pennsylvania being the home to the PJM Interconnection, the organization responsible for managing the energy grid and ensuring reliability of power supply across the region that includes 13 states and the District of Columbia, serving over 65 million people. As the regional transmission organization (RTO), PJM is directly responsible for coordinating the generation and transmission of electricity, ensuring that supply consistently meets demand across its designated footprint. In fact, PJM operates the

world's largest competitive wholesale electricity market where energy producers and consumers buy and sell electricity at market-based rates. PJM is also responsible for grid reliability, affordability and sustainability for millions of households and businesses and is charged with ensuring the stability of electricity generation vs. consumption real-time.

In 2023 PJM published an important report, "Energy Transition in PJM: Resource Requirements, Replacements and Risks" which predicts a resource adequacy shortfall due to a potential "timing mismatch" between resource retirements, load growth and new generation. In short the retirement of long time "thermal" generation resources, longtime a backbone of the energy sector is outpacing the integration of new generation capacity. In fact, this problem is already being felt locally with the PJM telling economic development organizations such as SEDCO, that new economic development of industry, businesses, and including Fortune 500 companies to those who have already located here, that development must be delayed due to a lack of immediate electricity procurement. This is further being "stressed" by the significant advancement of Artificial Intelligence (AI) and data centers related to same which requires significant energy support for advancement.

These uncertainties affect economic vitality and place into jeopardy manufacturing plants, data centers, healthcare facilities and other infrastructure critical to our region and Pennsylvania's future. Clearly these questions and concerns makes the state less attractive for new investment, particularly for energy intensive industries that rely on reliable and affordable energy. For those already located here in Pennsylvania and in Schuylkill County higher electricity prices driven by supply shortages would raise operating costs for businesses across many sectors, forcing them to either pass these costs on to their consumers or attempt to absorb them likely reducing investments in their workplaces and workforces.

Needless to say, the same impact would be crushing to Pennsylvania residents, faced with higher utility bills and possible power related outages in their daily lives. This would shift consumer spending, as energy procurement is a basic necessity of daily living, not discretionary in any way.

That background brings us to the issue at hand and the former proposal by then Governor Wolf of entering the Regional Greenhouse Gas Initiative (RGGI), a multi-state cap-and-trade program that imposes a carbon tax on power generators, resulting in a new, economy-wide energy tax and that would directly increase electric bills for Pennsylvania ratepayers as power-generating facilities pass on the RGGI allowances. RGGI would further threaten grid reliability by forcing more early retirements of hydrocarbon power plants and stifling the production of new facilities, which already now is naturally being threatened. While proponents of RGGI argue its importance to climate change, Pennsylvania's success in achieving emission reductions while increasing energy production and shifting energy allocation of resources through previously mentioned market shifts, is clearly occurring without RGGI. As the second largest producer of natural gas and a leading power exporter, Pennsylvania holds a critical competitive edge in energy production and security. Cap-and-trade schemes like RGGI seriously jeopardizes this advantage undermining businesses already addressing significant emission reductions and that provide stable jobs, affordable electricity and abundant, secure energy supplies. In short, we do not need to incur the projected 30 percent Pennsylvania electric bill increases, jeopardizing Pennsylvania businesses and residents already in the Commonwealth and stifling any potential economic growth for those considering Pennsylvania.

Consumer polling indicates that new energy taxes are grossly unpopular with businesses and residents, showing that energy affordability is a higher consumer priority for them than

combating climate change (68% to 32%). 53% outright oppose RGGI; 75% would oppose it if utility costs would rise (which they would) and 71% state opposition to the governor's creation of new energy taxes without the state legislature's consent. Interesting only 4% state willingness to pay more for green energy projects.

The Independent Fiscal Office (IFO) indicates that Pennsylvania has reduced carbon emissions while expanding power generations with CO2 emissions again decreasing by 10.8 percent from 2022 to 2023—the most significant decrease since the 1990s. Now looking at the PJM, between 2018 and 2023, Pennsylvania dropped nine million metric tons of emissions, while New York dropped one and New Jersey dropped five. Maryland had similar results to Pennsylvania and all these states mentioned are RGGI states. Only Pennsylvania and Ohio were states in the region listed by the IFO that reduced emissions while increasing essential power generation.

It is clear that RGGI and similar “New Energy Tax” strategies such as Governor Shapiro’s RGGI 2.0 plans including the Pennsylvania Climate Emissions Reduction Act (PACER) and the Pennsylvania Reliable Energy Sustainability Standard (PRESS) will jeopardize the reliability of Pennsylvania’s grid. It raises electricity costs to industries, businesses, nonprofits and residents significantly. RGGI and similar “New Energy Taxes” is in fact a tax on modern life that punishes consumers of energy, will foster degrowth, and arbitrarily shifts the energy market in ways that will do much more harm to our economic vitality with no clear positive impacts on our natural environment. In short, we do not need to be there, and we should not go there. In fact, we need to continue to support our diversified energy portfolio, maximizing the use of Pennsylvania’s thermal baseload sources of coal, natural-gas and nuclear to ensure that current and future growing demand is met and that reliable energy is available during peak demand periods. Slowing down the retirement of some coal-fired facilities, coupled with natural gas and

nuclear, is critical to Pennsylvania's energy portfolio and economic vitality. Penalizing these important resources is in fact penalizing our economic vitality and Pennsylvania's future.

Thank you for your time and attention today.