Testimony of the Pennsylvania Coal Alliance before the Pennsylvania Department of Environmental Protection

RE: Listening Session on the Development of Pennsylvania's State Implementation Plan in compliance with U.S. Environmental Protection Agency's "Clean Power Plan"

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Pennsylvania Department of Environmental Protection
South Central Regional Office
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Harrisburg, PA 17110

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Good Evening.

My name is Abby Foster and I am the Director of Communications and Advocacy for the Pennsylvania Coal Alliance, which represents over 300 mine operators and supporting businesses statewide. Pennsylvania ranks fourth nationally in coal production and our producing members account for about 90% of Pennsylvania's bituminous production.

Annually, the coal industry contributes over $4 billion to the state economy and supports over 36,000 jobs. Coal is a job creator. For every direct job, another 1.6 are necessary to support operations. Unfortunately, direct coal jobs in Pennsylvania have dropped over 10% between 2013 and 2014.

During President Obama's announcement of the final "Clean Power Plan", he claimed that they are finding coal workers, impacted by this regulation even better jobs. The President has been misinformed. In the Commonwealth, direct coal jobs pay on average $79,127. These jobs provide the tax base for entire regions of Pennsylvania, supporting everything from schools to human services to county infrastructure. The loss of coal jobs and the associated tax base will be devastating.

I am frustrated with the slew of talking points coming from the Obama Administration, and the lack of real data and transparency throughout this process. The POWER grants the President referenced total $35 million to be dispersed nationally. To put that number in perspective, the total direct labor income for the coal industry in Pennsylvania alone is over $1 billion.

I have been working with economic development groups in Western Pennsylvania to apply for some of these grants and there just isn't work in these regions comparable to what the coal industry provides.

While the Obama Administration touts the upswing in renewable jobs, these are primarily short-term, one-time jobs that disappear when the subsidies run dry, whereas coal jobs are for the duration of the mine. Consultants, environmental engineers, construction and siting companies all benefit from long-term, predictable work and the counties in which they operate benefit from the stable job and company taxes that they can depend and rely on for county planning.

Before I continue, I would like to note that this is not the only Federal regulation targeting the coal industry and bypassing state primacy. The federally proposed Stream Protection Rule will make obtaining a permit to mine impossible and the rule on carbon emissions will regulate coal out of the market for the generation of electricity. This pattern of overreach has not gone unnoticed.

Congress never granted authority to the EPA to determine how this country produces or consumes electricity and the Federal Power Act is clear that states have primacy in determining an energy market that meets their unique needs and utilizes their unique resources.

While it has been made clear that a stay is not being supported by Pennsylvania's Administration, I urge Governor Wolf and DEP to carefully consider the costs to businesses and consumers before rushing to meet a voluntary and self-imposed deadline.

This is an environmental regulation, and as such, should not be used as a template for developing our nation's energy policy as there are zero considerations given to the cost of implementation on the ratepayer, taxes, economy or jobs.

The U.S. Chamber's energy arm, the 21st Century for Energy found that this rule will suppress the U.S. Gross Domestic Product (GDP) by $51 billion and lead to an average of 224,000 fewer U.S. jobs every year through 2030.

Just a few months ago, the Supreme Court of the United States remanded another overreaching EPA rule on Mercury Air Toxins (MATS) back to the D.C. Court ruling that the regulation caused more harm than good and that the costs of compliance on the public and economy were just too high.

However, the cost of developing a State Implementation Plan to meet this new rule will be much higher as this is not just retrofitting existing plants with available technologies, but taking offline existing power-producing plants, replacing them with less reliable and more costly new sources and building out the transmission infrastructure statewide.

While proponents of renewable energy sources tout that when supply is high, the price of electricity is comparable to fossil fuels, they are comparing the costs of already-existing sources. The Institute for Energy Research conducted a study on the cost of prematurely shifting the generation of power from existing sources to new sources and found that to transition from coal to wind increased the cost per MWh by 212% and coal to a new natural gas plant increased 91% per MWh.

In May 2015, the Energy Information Administration had Pennsylvania's electric portfolio at 36% coal, 35% nuclear, 25% natural gas and 4% renewables.

The cost of electricity was averaging 30% less (residential) and 41% less (commercial) than its northern neighbors in RGGI. Cap and trade schemes are not option for Pennsylvania's power plants that have already been hit with regulation after regulation, spending millions on retrofits and upgrades. They simply don't have the money to invest further and the technology to comply has yet to be commercially tested and proven.

Additionally, Pennsylvania is one of 19 states with a deregulated or partially deregulated electric market. As the EPA keeps changing the rules with multi-million dollar price tags on investments, electric generators are hesitant to make plant upgrades without some assurance of a return on their investment.

Pennsylvania ranked third in the nation in net electricity generation and on average supplies half of the energy produced to surrounding 13 states in the PJM grid. Maintaining a diverse energy portfolio in Pennsylvania allows the state to continue to lead in electric generation while maintaining reliable and low-cost electricity.

Renewables still need a partner baseload source of electricity for when the sun doesn't shine and wind doesn't blow and by removing coal as a baseload partner, we are creating an all-eggs-in-one-basket energy plan and risking reliability and sudden spikes in pricing.

Pennsylvania is already a leader in carbon emission reductions. According to the EPA, state carbon emissions have dropped 11% over the last decade. Even though wind and solar cannot compete on the open market, to encourage growth, the Alternative Energy Portfolio Standard requires utilities to purchase a portion of renewables. Pennsylvania also has Act 129 which promotes energy efficiencies.

While AEPS and Act 129 artificially alter the electric market, disrupting a level playing field, they were given fair and due process and were enacted by the General Assembly. Our entire state was considered in the development, a cost versus benefit was analyzed and there was representation of the taxpayers and residents in the process.

The EPA is overriding our state right to determine an energy policy that meets our needs and considers our residents. There are 2.4 million middle to low-income families in Pennsylvania – half of the state's households – that spend almost 20% of their take-home pay on energy. The National Economic Research Associates did a study on the impact of the proposed rules to Pennsylvania's electric rates and found that they would increase 14-22% annually.

The EPA admits that the rule will have disproportionate impacts on low-income families and requires the state to inform these communities and gather input which you are doing. However, the average person does not fully understand how electricity goes from source to socket and unfortunately before they do, the plan will be developed, submitted and enforced, leaving them with sticker shock on their electric bill.

This rule forces the aggressive adoption of energy sources that cannot operate on their own and cannot be built or maintain a share of the market without grants and taxpayer subsidies.

Additionally, the Pennsylvania Sunshine Solar Rebate Program which allocated $180 million in state dollars to incentivize projects and prove compliance with the state's AEPS program dried up in 2012 along with jobs. To continue to subsidize the expensive development of renewable energy sources and artificially make them viable within the electric market will require billions in additional funds from taxpayers who will already be hit with a double digit increase to their electric bill.

I urge DEP to slow down and let the energy market as well as research and development evolve for carbon capture and utilization technologies, while renewable technologies advance under AEPS.

The PA Public Utility Commission's comments to the EPA stated that, "this will heavily impact and change the composition of electric generation into the future which may both reduce the supply of and increase the price of electricity while threatening the reliability of electricity service to the state and the region."

For what gain?

Using the EPA's own modeling, and assuming every state will meet their goal by 2030, it will lower the global temperature by 0.01°F. Whether you believe that a changing climate is a problem or not, it is difficult for me to comprehend that any governing body would comply with this regulations given the cost versus benefit.

Please consider a stay on the rule to ensure that before we embark on dismantling our energy system and subsequently our state economy, that the rule passes judicial review. Once a SIP is submitted, it becomes federally enforceable and there will be no turning back for Pennsylvania. This is not a governing body with the country's best interest in mind. This is a political agenda that violates the constitution and our state's rights.