



March 30, 2015

Department of Environmental Protection
Policy Office
Att: Mark Brojakowski
Rachel Carson State Office Building
P. O. Box 2063
Harrisburg, PA 17105-2063

Re: Draft Climate Change Action Plan Update via eComment@pa.gov

Dear Mr. Brojakowski:

The Marcellus Shale Coalition (MSC) was formed in 2008 and is comprised of approximately 220 natural gas producer, midstream and supply chain members who are fully committed to working with local, state and federal government officials, local communities, and other stakeholders to facilitate the development of the natural gas resources in the Marcellus, Utica and related geological formations. Our members represent many of the largest and most active companies in natural gas production, gathering and transmission in the country, as well as the consultants, suppliers and contractors who work with the industry.

The MSC appreciates the opportunity to comment on the Draft Climate Change Action Plan (CCAP). As policymakers consider the data and recommendations contained in the draft plan, it is important that we recognize the significant strides and trends which have already contributed to a significant decline in carbon dioxide and methane emissions.

General Comments

In December 2011, Pennsylvania became one of the first states in the nation to require unconventional natural gas producers to submit data on emissions such as carbon monoxide, sulfur dioxide, volatile organic compounds, particulate matter and others. The Pennsylvania General Assembly codified this annual reporting requirement as part of Act 13 of 2012, which is the Commonwealth's comprehensive environmental protection law related to oil and gas development.

For calendar year 2012, the Pennsylvania Department of Environmental Protection (DEP) expanded reporting requirements to include methane, as well as additional sources such as compressor stations serving conventional natural gas and coal-bed methane production. With respect to methane, the 2013 emissions inventory data, which was released by DEP in April 2015, showed a 13% decrease in total cumulative methane emissions from the natural gas industry in Pennsylvania. This decrease is significant, particularly given the fact that the number of well sites reporting data for 2013 increased by over 18%, while the number of midstream facilities reporting data increased by over 8% and natural gas production itself increased in 2013 by nearly 52% over the prior year. This phenomenon of decreased methane emissions in spite of increased activity can be seen across the nation. This is a testament to voluntary efforts and new and innovative technologies and operational practices that industry has implemented over the past several years.

It is important to underscore as well that as we collect and analyze emissions data from a growing array of

sources within the oil and natural gas industries in Pennsylvania, overall ambient air quality in the Commonwealth is substantially improving. This is due, in large part, to the significant increase in the use of natural gas for electric generation in Pennsylvania. For reference, in 2000 Pennsylvania generated approximately 1% of its electricity from natural gas. This figure rose to 15% by 2010, and is expected to exceed 25% next year.

This dramatic increase in electric generation from natural gas has substantially offset emissions from the power generation sector since 2008, when natural gas production from the Marcellus Shale formation began to ramp up. For example, since 2008 sulfur dioxide emissions are down nearly 75%; nitrogen oxide emissions are down nearly 25% and particulate matter emissions are down over 45%. This increased use of natural gas and the corresponding reduction of key emissions within the power generation sector translates to an approximate \$14 billion to \$37 billion annual public health benefit just from sulfur dioxide reductions alone, based on U.S. EPA methodologies.

In addition to comprehensive data inventories, Pennsylvania has adopted aggressive permitting standards for natural gas-fired engines and equipment at midstream compressor stations, as well as new criteria for unconventional well owners and operators. A key component of Pennsylvania's requirements is a robust Leak Detection and Repair program (LDAR) to identify, document and fix fugitive sources of methane and VOC emissions. This initiative, included as part of Pennsylvania's 2013 revisions to its air quality permit Exemption 38 criteria and its General Permit 5 (GP5) for Natural Gas Compression and/or Processing Facilities, requires all unconventional natural gas operators to implement an LDAR program. Leaks must be repaired within 15 days of detection, in accordance with the relevant DEP requirements. Additionally, this same program includes requirements which are more stringent than the proposed federal rules for other sources, such as engines and tanks.

Emission data in the draft CCAP and published by DEP for Pennsylvania demonstrates that the existing programs, along with industry advancements in technology and operating practices for natural gas production and gathering, are achieving highly significant emissions reductions of methane, VOC and CO₂e. The majority of these reductions have been fostered by industry or through cooperation with industry and regulatory agencies. Strong examples of this cooperation are EPA's Gas Star program and the LDAR requirements in the GP5 and Exemption 38.

At the same time DEP is proposing additional LDAR requirements and other regulatory requirements on natural gas operations, EPA has expended a great deal of time and effort proposing similar regulations on an accelerated basis. The MSC is concerned that this may result in a duplication of effort and believes the best path forward is for DEP to take advantage of EPA's efforts. Specifically, the MSC cautions DEP against proposing any additional changes in advance of the upcoming federal rules for new, modified and existing sources. As always, the natural gas industry is committed to working with its state regulators to develop reasonable and beneficial requirements for the Oil & Gas industry, but we see no benefit in rushing into something that is already being done at the federal level.

As an additional means of reducing methane emissions, the MSC does believe that abandoned wells requiring plugging and capping should be investigated and a method for their closure determined. Such a process should involve discussion with industry and other stakeholders as to the most effective and efficient means of doing so. The MSC also observes that significant new funds through the Pennsylvania Impact Fee paid by natural gas producers have been generated to help plug historic abandoned and orphan wells.

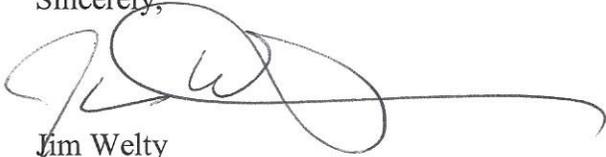


Legislative Recommendations

The MSC has serious concerns with the legislative recommendations proposed by DEP to expand the Tier 1 mandates of the Pennsylvania Alternative Energy Portfolio Standards Act, as well as funneling additional taxpayer dollars to the PA Sunshine program. We encourage the Commonwealth to let market conditions dictate the energy portfolio of the Commonwealth, which is in the interest of not only Pennsylvania ratepayers but also the long-term success of the energy generation industry. We support governmental policies that encourage an even playing field among Pennsylvania's diverse and abundant energy resources.

On behalf of the Marcellus Shale Coalition, thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jim Welty', with a long horizontal flourish extending to the right.

Jim Welty
Vice President of Government Affairs
Marcellus Shale Coalition

