



December 20, 2019

The Honorable Patrick McDonnell, Chair
Pennsylvania Energy Development Authority
16th Floor Rachel Carson State Office Building
P.O. Box 2063
Harrisburg, PA 17105-2063

Re: Pennsylvania Energy Development Authority's Energy Development Plan (7200-RE-DEP5217) via eComment and ecomment@pa.gov

Dear Chairman McDonnell:

The Marcellus Shale Coalition (MSC) was formed in 2008 and is comprised of approximately 150 producing, midstream, transmission and supply chain members who are fully committed to working with local, county, state and federal government officials and regulators to facilitate the safe development of 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, processing and transmission in the country, as well as the suppliers and contractors who work with the industry.

The MSC appreciates the opportunity to provide comments on the Pennsylvania Energy Development Authority's (PEDA or Authority) draft Energy Development Plan (Plan). Representing member companies that produce, process and transport over 95% of Pennsylvania's unconventional natural gas, the MSC welcomes the opportunity to help inform the Authority about the tremendous positive environmental, social, and economic benefits attributable to the Commonwealth's indigenous domestic natural gas resources.

"Clean" Energy

Throughout the document, the Plan refers to "clean" energy, including as a subtitle on page 4, entitled "Defining Clean, Advanced Energy." For example, the Plan includes brief historical discussions of both the enactment of the Alternative Energy Portfolio Standards Act¹ (AEPS Act) and public utility energy efficiency and conservation programs² (Act 129) in the context of "clean" energy. Yet neither this section of the Plan or elsewhere is "clean" energy actually defined. The MSC encourages the Authority to avoid using the term "clean" energy, as it is not defined in either the AEPS Act or Act 129 (or within the Plan). Nor is there a generally-accepted

¹ Act 213 of 2004, known as the Alternative Energy Portfolio Standards Act:

<https://www.legis.state.pa.us/CFDOCS/LEGIS/LI/uconsCheck.cfm?txtType=HTM&yr=2004&sessInd=0&smt hLwInd=0&act=0213>.

² Act 129 of 2008 (66 Pa.C.S. §2806.1 & 2806.2):

<https://www.legis.state.pa.us/CFDOCS/LEGIS/LI/uconsCheck.cfm?txtType=HTM&yr=2008&sessInd=0&smt hLwInd=0&act=0129>.

consensus definition of “clean” energy. All forms of energy, including wind and solar, have impacts and attributes which some may not regard in layman’s terms as “clean.”³ To avoid characterizations of different energy sources as “clean”, or conversely “dirty”, the Authority is encouraged to utilize terms, when appropriate, such as “alternative energy” which are defined in statute and can fairly describe and capture energy resources not traditionally regarded as baseload energy resources, such as coal, natural gas or nuclear. Doing so is also consistent with the statutory authority and intent of the Energy Development Authority and Emergency Powers Act⁴ (Emergency Powers Act) which created the Authority. Despite the draft Plan stating that the mission of the Authority is to “*expand the market for Pennsylvania’s clean, diverse, indigenous energy resources,*” nothing within the Act actually speaks to this stated mission or utilizes the term “clean” energy. Moreover, neither the AEPS Act, Act 129 nor the Emergency Powers Act references climate change specifically. The Authority is encouraged to support projects which will more broadly mitigate potential environmental impacts associated with the development of all the energy resources under consideration.

Additional historical context may be worth including in the Plan with respect to Act 129. A primary motivation of Act 129 was to create energy efficiency and conservation programs focused on the efficient use of all energy resources and reducing peak demand so as to deliver cost savings to consumers. The energy efficiency and conservation programs specifically did not address fuel sources, but instead sought to alleviate concerns of impending significant cost increases⁵ to consumers as the Commonwealth transitioned out of generation rate caps imposed as a result of Pennsylvania’s 1996 electric restructuring statute (Competition Act).⁶

It is important to note that enactment of Act 129 occurred prior to the advent of significant unconventional natural gas production in Pennsylvania⁷, and therefore prior to the historic transformation of the Commonwealth’s electric generation profile that has delivered massive cost savings to Pennsylvania consumers. Additionally, Act 129 established a new electric generation procurement policy for default electricity providers in the Commonwealth, introducing the obligation for default electricity providers to procure a “prudent mix”⁸ of

³ For example, components of wind and solar energy facilities require the use of rare earth minerals, which involves intensive mining techniques and present unique challenges related to recycling or disposal. The minerals are often mined and imported from foreign countries that do not impose environmental protection or worker safety standards.

⁴ Act 280 of 1982:

<https://www.legis.state.pa.us/cfdocs/legis/LI/uconsCheck.cfm?txtType=HTM&yr=1929&sessInd=0&smthLwInd=0&act=175&chpt=28C>

⁵ For example, in testimony before the Senate Consumer Protection and Professional Licensure Committee, then-Secretary Kathleen McGinty warned that “default service customers will soon be facing high and unstable electricity prices.”

<http://files.dep.state.pa.us/energy/energy%20independence/lib/energy/docs/Testimonies/11-20-07-Testimony.pdf> (November 20, 2007)

⁶ Act 138 of 1996, known as the Electricity Generation Customer Choice and Competition Act:

<https://www.legis.state.pa.us/CFDOCS/LEGIS/LI/uconsCheck.cfm?txtType=HTM&yr=1996&sessInd=0&smthLwInd=0&act=0138>

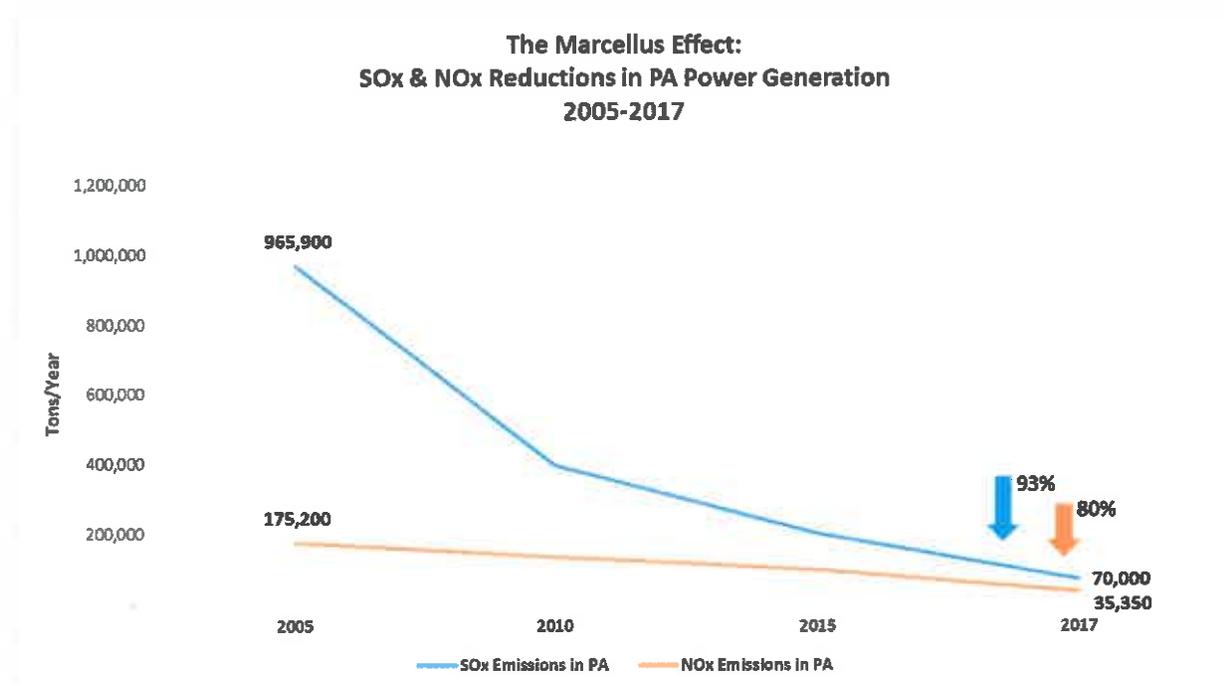
⁷ For example, in 2008 Pennsylvania produced 198,000 million cubic feet, while in 2018 Pennsylvania produced 6,200,000 million cubic feet – a 3,100% increase (PA Department of Environmental Protection and U.S. Energy Information Administration)

⁸ 66 Pa.C.S. §2807 (e)(3.2)



electricity based on short-term, long-term and spot market purchases of electricity, and replacing the long-standing policy of procuring electricity at “prevailing market prices.”

Finally, just as compressed natural gas is recognized appropriately in the Plan (page 4) as an alternative fuel for transportation, the use of natural gas should also be clearly recognized in the Plan as a proven alternative energy source for electric generation and as part of the advanced energy sector. Consider for example the significant and historic declines in SOx and NOx emissions from the electric power generation sector just in Pennsylvania since the onset of Marcellus Shale development:



Source: PA DEP Air Emission Report

Competitive Energy Markets

One of the signature and lasting impacts of the 1996 Competition Act was the ability for customers of all classes (residential, industrial and commercial) to choose their electricity generation supplier. Competitive markets incent suppliers to offer customers a variety of products to manage energy costs, save money and pursue a preferred energy generation source if they desire.

Competition also enables the cost-effective development and expansion of additional alternative and renewable energy resources, which benefits consumers and the environment. Natural gas development and utilization is complimentary to the success of alternative and renewable energy resources, particularly since many of the components of wind, solar and other energy sources are manufactured from natural gas and natural gas liquids. Over 125 licensed suppliers offers a multitude of electric generation packages to consumers of all classes in electric distribution



company territories across the Commonwealth.⁹ The Authority is encouraged to recognize the significant contributions of electric competition to diversifying and encouraging innovation within Pennsylvania’s energy markets.

Broadly speaking, the Plan notes (page 7) the Authority’s recognition that a competitive energy economy requires balancing energy production, environmental considerations, economic development and equitable customer access. The MSC agrees with this need for balance.

Pennsylvania’s Energy and Environmental Nexus

The Plan includes historical data regarding Pennsylvania’s electricity generation profile and the potential to reduce greenhouse gas emissions through continued transformation of the market. For example, the Plan states that “*Pennsylvania has the potential to economically reduce greenhouse gas emissions 30% below 2005 levels by 2025,*” and cites the 2019 Energy Assessment Report for Pennsylvania as the source for this projection. Presumably, this statement is meant to be a reference to emissions from the Commonwealth’s electricity generation portfolio – rather than economy-wide greenhouse gas reductions – since the Plan is focused principally on electric generation.

To this end, the MSC encourages the Authority both to clarify this statement as well as include updated information regarding actual emission reductions to date. For example, the Plan should reference and inform readers and policymakers that through 2017, Pennsylvania has already reduced carbon dioxide emissions from its electricity generation sector by **39%** compared to 2005 baseline emissions¹⁰. This far exceeds the projections for reductions by 2025 currently included in the Plan.

Within this section of the Plan, there are also references to “zero emissions generation sources” and “zero-carbon energy generation,” presumably in reference to sources such as wind and solar. However, as previously noted, many of the components utilized in those technologies involve operations that would not be “zero emissions” or “zero-carbon” as part of the overall environmental footprint of wind and solar, and as such the MSC encourages the Authority to avoid using those terms since they are misleading and inaccurate.

Policy Objectives

The MSC supports the stated policy objectives of the Plan (page 8), including the recognition of the significant natural gas resources found within Pennsylvania and the ability of this and other energy resources to enhance the Commonwealth’s energy security. The MSC does restate its earlier comment, particularly with policy objective #2 (page 8) with respect to the use of the term “clean” energy technologies.

⁹ www.papowerswitch.com

¹⁰ In 2005, PA’s carbon dioxide emissions from electricity generation were 126 million metric tons compared to 76.8 million metric tons in 2017 – Source: U.S. Energy Information Administration – State Carbon Dioxide Emissions Data <https://www.eia.gov/environment/emissions/state/> (October 23, 2019)

The MSC appreciates PEDAs' intention to require projects funded by the Authority to report on the results of the project, including environmental performance data. However, no guidance is provided in the Plan on what environmental performance data the Authority is looking for, both prior to consideration for funding and after a project is funded and has been implemented. The Authority is encouraged to provide reasonable guidance that recognizes broad environmental benefits, beyond simply reduction of carbon dioxide emissions (which is referenced elsewhere in the Plan).

Additionally, the Authority is encouraged to recognize other important project attributes, including enhanced national security, reduced costs to consumers, and economic impact, including job creation and retention – attributes which are more consistent with the underlying statute which created the Authority. The MSC recognizes that portions of the Policy Objectives section of the Plan do reference economic development potential.

Criteria for Evaluating Proposed Programs and Projects

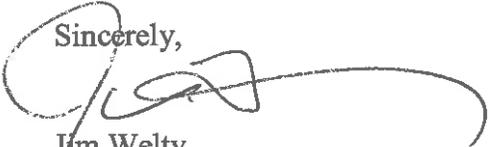
The MSC generally supports the criteria for proposed programs and projects delineated on page 11 of the Plan. With respect to the third listed criteria, concerning demonstration of “*significant environmental benefits*”, the Authority again is encouraged to expand this demonstration beyond the only listed attribute of “*mitigation of greenhouse gas emissions.*” While recognizing the overall importance of reducing climate change-inducing emissions, it must be noted that individual projects within the Commonwealth will not – of themselves – deliver “*significant environmental benefit*” to the citizens of Pennsylvania through the reduction or mitigation of greenhouse gas emissions. Projects that reduce other emissions that directly affect air quality in the Commonwealth, such as NOx, SO2, volatile organic compounds, particulate matter, or that mitigate other environmental challenges such as acid mine drainage or reduced water consumption have a more direct, positive environmental benefit to Pennsylvanians. The Authority is encouraged to identify additional environmental benefits and explicitly include them in the Plan.

Additionally, for consistency the MSC encourages the Authority to modify criteria six, concerning economic benefits to the state, to also reference job retention. Currently the criteria references job creation; however, elsewhere in the Plan, including in the Policy Objectives section, both job creation and retention are recognized.

Conclusion

The MSC appreciates the Authority's consideration of these comments, and stands ready to provide any clarification requested as the Authority works to finalize the Energy Development Plan.

Sincerely,



Jim Welty

Vice President Government Affairs

