

November 15, 2013

The Honorable Ron Miller
Chairman
Committee on Environmental Resources & Energy
Pennsylvania House of Representatives
115 Ryan Office Building
PO Box 202093
Harrisburg, PA 17120-2093

Dear Chairman Miller,

I am writing to express the support of America's Natural Gas Alliance (ANGA) for House Bill 1699.

It is my understanding that the House Environmental Resources & Energy Committee will be conducting a public hearing on this important bill on November 20th, and I wanted to provide some information for why ANGA is supporting the environmental regulation of standby emergency generators that are participating in PJM's wholesale power markets.

The development of the natural gas deposits in Pennsylvania and surrounding states represents a unique opportunity to promote the use of a clean fuel for generating electricity. Power generators can use natural gas as a method to provide for the safe and reliable production of electricity to meet the 21st century demands of businesses, industries and residential customers.

However, in order for natural gas to have a fair opportunity to compete in the wholesale electric market, there must be a level playing field.

Several years ago the federal Environmental Protection Agency (EPA) sought to regulate the use of standby emergency generators that were participating in demand response programs. While traditional demand response is the *non-use* of electricity (or curtailment), some demand response participants are instead shifting their use to uncontrolled generators that they have for instances when there is a disruption in the power system or during onsite emergency events.

Unfortunately, EPA gave these demand response generating units a 100-hour per year pollution exemption.

Those demand response participants are directly competing against power plants, including natural gas generating stations that have invested a significant amount of money to control their emissions and that are required to control for their emissions every hour of the year.

This disparity has created issues in the competitive market and is preventing the use and development of controlled generating sources, instead favoring of the use of uncontrolled, less reliable sources.

We natural gas developers are frustrated because we believe we have the opportunity to help Pennsylvania realize its environmental goals through the use of a clean burning energy source. Recent state Department of Environmental Protection data quantified significant reductions of emissions from the EGU sector in large part attributable to the sector's embrace of natural gas.

House Bill 1699 would level the playing field by simply requiring the owners and operators of these small generators who receive revenue from the wholesale power markets to install pollution controls – just as every other generator must do. It is our understanding that the bill exempts standby emergency generators who do not run “for profit.” We agree that is appropriate as well.

Natural gas has an important role to play in the production of electric power. Given the significant and documented recent improvements in air quality in Pennsylvania, it would be disadvantageous to Pennsylvanians to power the grid with uncontrolled diesel generation.

While neither I nor anyone else can predict the wholesale markets and what will happen, without requiring all market participants to follow appropriate environmental rules, we will not realize the true benefits of the cleaner production of electricity.

Thank you for your consideration. Please feel free to distribute this letter of support to the members of your committee.

Sincerely,

Christopher Coleman
Senior Director, State Affairs
America's Natural Gas Alliance

cc: The Honorable Greg Vitali, Democrat Chair