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MONDAY, AUGUST 24, 2020
10:00 A.M.

PRESENTATION ON
REGIONAL GREENHOUSE GAS INITIATIVE
(RGGI)

BEFORE:

HONORABLE DARYL D. METCALFE, MAJORITY CHAIRMAN
HONORABLE STEPHANIE BOROWICZ
HONORABLE CRIS DUSH
HONORABLE R. LEE JAMES
HONORABLE KATHY L. RAPP
HONORABLE TOMMY SANKEY
HONORABLE PAUL SCHEMEL
HONORABLE DAVID H. ZIMMERMAN
HONORABLE GREG VITALI, DEMOCRATIC CHAIRMAN
HONORABLE MARYLOUISE ISAACSON
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SUBMITTED WRITTEN TESTIMONY

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P R O C E E D I N G S

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MAJORITY CHAIRMAN METCALFE: Good morning.

This meeting -- hearing -- of the House Environmental Resources and Energy Committee is called to order.

And before we get started with our first testifier, if I could ask everybody to please rise. And, Representative Borowicz, would you lead us in the Pledge, please?

(The Pledge of Allegiance was recited.)

MAJORITY CHAIRMAN METCALFE: Thank you, Representative Borowicz.

If I could ask our Member-Secretary to call the roll call, please.

REPRESENTATIVE DUSH: Yes, Chairman.

(Roll call was taken.)

MAJORITY CHAIRMAN METCALFE: Thank you, Representative Dush.

This morning's public hearing is on the Regional Greenhouse Gas Initiative. Our first testifier is

1 Mr. Caleb Stewart Rossiter, Ph.D., Executive Director from
2 the CO2 Coalition, and traveled from the DC area, I
3 believe, to be with us today.

4 Thank you, sir, for joining us, and you can begin
5 when you're ready, sir.

6 MR. ROSSITER: Thank you, Chairman Metcalfe.

7 In balancing energy needs and environmental
8 protection, not just quality of life but lives themselves
9 are in the balance, whichever way you lean. So before
10 leaning, it's important to know why.

11 I am a former professor of statistics,
12 mathematics, and public policy at American University. I
13 direct an alliance of 55 climate scientists and energy
14 economists called the CO2 Coalition. I'm happy to report
15 that when I retire in January, I'll be replaced by a
16 talented Pennsylvanian, geologist Gregory Wrightstone.

17 Mark Twain famously identified three descending
18 gradations of falsehood: lies, damn lies, and statistics.
19 Analyzing the magical claims by the Department of
20 Environmental Protection about RGGI, I would like to add
21 models to that list.

22 As a professor, I taught not just statistics and
23 mathematical modeling, but also their use and cost-benefit
24 analysis for public policy. We must include all the costs,
25 not just all the benefits, to find the net effect of a

1 policy decision like RGGI, and DEP does not.

2 Statistics and modeling are often combined into
3 one technique, which we broadly call multiple regression,
4 or econometrics. It controls for all variables so you can
5 see the independent effect of each one. But DEP dispenses
6 with this technique and provides you with a lawyer's
7 one-sided brief rather than an accountant's fair analysis.
8 It uses input-output models that can't distinguish between
9 correlation and causation.

10 A proper analysis would conclude that RGGI is an
11 act of economic, health, and environmental suicide. It
12 will raise electricity prices, increase health problems and
13 mortality, and damage the environment. And it won't even
14 affect the level of the dreaded, but actually beneficial,
15 CO2 emissions.

16 First, a look at the science.

17 The lead picture on the DEP website for RGGI,
18 contradicting all the peer-reviewed science and the UN body
19 that studies climate change, shows emergency workers
20 surveying a flooded town. I can't believe that we are
21 15 years since Al Gore stood and tried to convince the
22 world that Hurricane Katrina came from SUVs and not the
23 normal flow of events and we're looking at a picture like
24 this to justify your policy.

25 As a professor, I taught my students about the

1 Latin enemies of logic. This one is called *post hoc ergo*
2 *propter hoc*: "correlation is causation." CO2
3 concentrations in the atmosphere have increased due to
4 industrial emissions. We have a flood; the increase must
5 be the cause of the flood. But weather is not climate
6 change. The UN reports no statistically significant change
7 in rates of extreme weather, including floods, in the era
8 when CO2 emissions were large enough to cause measurable
9 warming.

10 We are not in a CO2-driven climate crisis. That
11 is the scientific fact. Some models predict we may be in
12 one in a hundred years, but even their estimated damages
13 pale next to the fossil-fueled increase in wealth we will
14 have on hand to address them. And remember, there are
15 benefits to CO2 emissions, since the molecule is a crucial
16 plant and plankton food.

17 Now to economics.

18 RGGI is not a market-based approach, as claimed
19 by DEP. We already have an energy market, and the result
20 is that over 80 percent of American energy comes from
21 fossil fuels. Why? Because they are inexpensive,
22 reliable, and efficient.

23 RGGI is a market-distorting approach. It taxes
24 fossil fuels, even more than the 50 billion they are
25 already net taxed. It subsidizes so-called renewable

1 sources of energy.

2 There is nothing renewable about renewable
3 energy. The sun and wind are indeed free and recurring,
4 but turning their energy into electricity is fossil-fuel
5 intensive:

6

- 7 • Minerals for blades, panels, and batteries
8 have to be mined in horrific conditions in
9 Africa powered by fossil fuels.
- 10 • They have to be refined, transported to
11 America, manufactured and erected on platforms
12 requiring massive amounts of concrete --
13 another major source of CO2 emissions.
- 14 • Then come the lengthy transmission lines that
15 bring the power to populated areas.
- 16 • And you still have to back up the intermittent
17 electricity with fossil fuel plants.

18

19 DEP says, "Economic modeling shows that
20 participating in RGGI will lead to a net increase of more
21 than 27,000 jobs and add \$1.9 billion to the Gross State
22 Product in Pennsylvania."

23

24

25

 Huh? You're going to raise the cost of energy
dramatically, reduce reliable fuels in favor of
intermittent ones, and that's going to increase jobs and

1 productivity? How's that working out for California this
2 week?

3 Renewable electricity, once subsidies are
4 factored in, costs four times as much per kilowatt-hour as
5 natural gas electricity. When States are mandated to
6 provide renewable energy, the result is blackouts, misery,
7 and reduced economic activity.

8 Now, how did DEP do its magical thinking?
9 Through the Regional Economic Models, Inc., or REMI,
10 input-output model. Input-output models change a single
11 parameter -- in this case, the addition of the money taken
12 from electricity providers in RGGI auctions -- and then
13 estimate the economic impact as it cascades through the
14 economy.

15 Sure, spending that money creates jobs and
16 growth, but remember, that same amount of money is also
17 removed from the economy as the effect of taxes passed
18 along to consumers of the electricity. So it's impact on
19 growth and jobs is immediately canceled out. RGGI
20 estimates incorrectly count only benefits and not costs and
21 even ignore the harm to the competitiveness of your
22 industries, raising the cost of energy inputs.

23 Now let's turn to the modeled health claims.

24 DEP's modeled health benefits from RGGI's
25 reduction, not in CO₂, carbon dioxide, but in coal-fired

1 pollutants like sulfur dioxide, nitrogen oxide, and
2 particulate matter.

3 DEP estimates that up to 639 premature deaths
4 will be avoided by 2030 because of Pennsylvania's
5 participation in RGGI. But that will mostly be due not to
6 RGGI policy but rather fracking's dramatic reduction in
7 the price of natural gas electricity that will reduce
8 coal-fired power.

9 Affordable heating saves far more lives than
10 coal-fired electricity loses. A 2019 study for the
11 National Institutes of Health estimated that 11,000 lives
12 are saved in America each year by fracking. When costs are
13 low, more people use enough heat to stay healthy.

14 DEP's failure to do a full cost-benefit mortality
15 analysis for a policy change, or even in this case, a
16 production change due to other factors, is inexcusable.

17 The same goes for the claimed 30,000 less
18 hospital visits from asthma from ground-based ozone,
19 which is a byproduct of fossil fuels. DEP did not factor
20 in increased hospitalization for deadly pneumonia and
21 bronchitis from more expensive heating.

22 In addition, the NOx, the nitrogen oxide that
23 creates ozone, which then stimulates asthma, can be
24 successfully "scrubbed" to low levels with modern coal
25 power technology.

1 This coal-cleaning technology is in operation in
2 America only at the Turk Plant in Arkansas, because it was
3 the only one under construction when the natural gas
4 revolution exploded. A retrofit with this technology would
5 be a lot cheaper than RGGI hamstringing the economy, which
6 has its own health impacts.

7 Finally, let's take DEP's environmental claims.

8 As you reduce emissions from coal and natural
9 gas, you have to compensate with wind, solar, hydro, or
10 nuclear. But the construction of dams, say in your
11 Pine Creek Gorge, or wind turbines, say throughout your
12 State's Game Lands, would indeed have tremendous
13 environmental costs.

14 And while the solar-powered grid electricity you
15 would use comes from States that are thousands of miles
16 away, as Americans, we can't just ignore the environmental
17 costs there. As Johnny Cash used to sing about trucking,
18 there ain't no easy run when it comes to providing
19 Pennsylvanians with affordable, reliable energy. There
20 will always be trade-offs.

21 Governor Wolf justified his RGGI order by
22 dramatically claiming that average temperatures in
23 Pennsylvania, as is the case globally, has increased
24 1.8-degrees Fahrenheit in the past 110 years. But that
25 global increase began with an entirely natural warming

1 after the Little Ice Age ended in the 18th century. Half of
2 the increase came from 1920 to 1950, before CO2 levels were
3 large enough to cause measurable warming.

4 The UN climate body is only confident, of all
5 that warming, that more than half of the more recent half
6 of total warming from 1980 to today came from industrial
7 CO2. Pretending that all the warming for 110 years was
8 human caused is misleading. A quarter is more likely,
9 according to the UN.

10 Please, finally note that RGGI errs
11 scientifically in including methane in the warming gases it
12 controls. I have with me today for the Committee a recent
13 study called "Methane and Climate" by two leading
14 atmospheric physicists in our Coalition. Methane emissions
15 are only one-tenth as powerful in forcing this carbon
16 dioxide. Each molecule is 30 times more potent, true, but
17 we only have 1/300th of the level of methane emissions that
18 we do of carbon dioxide emissions. It's a very minor
19 product in warming gas in total. So it's one-tenth as
20 important as CO2, and CO2 is about 1 degree for a doubling,
21 which takes hundreds of years. Cows and pipelines can rest
22 easy in Pennsylvania.

23 I look forward to hearing your perspectives and
24 taking your questions.

25 Thank you, Mr. Chairman.

1 MAJORITY CHAIRMAN METCALFE: Thank you. Thank
2 you, sir, for your testimony.

3 And just to remind the Members, as we talk with
4 our testifiers today, they are here to present their
5 expertise and they are not here to be engaged in an
6 argument. We can argue amongst each other at a later time,
7 and we will, I'm sure. But they are here for us to gather
8 information from, so please refrain from engaging the
9 guests in an argumentative fashion and stick to a
10 questioning to solicit information that you're looking for.

11 Do Members have questions?

12 Representative James.

13 REPRESENTATIVE JAMES: Thank you, Mr. Chairman.

14 Thank you for your testimony. I'm over here. I
15 might move for the next one.

16 You mentioned California, and it is, of course,
17 very timely. It's in the news. The fires are raging out
18 of control, et cetera. Can you give us a little bit more
19 background on how they find themselves in this dilemma,
20 please?

21 MR. ROSSITER: Yes, sir.

22 California has the legislation in effect and
23 other incentives for the companies that are presaged by the
24 RGGI regime here. For at least a decade, California has
25 forced its energy companies to purchase renewable power

1 from other States primarily, which is much more expensive,
2 and they haven't allowed the prices to rise -- the costs
3 have risen but the price does not, and so that's absorbed
4 by the company. They have dramatically reduced their
5 ability to spend on the proper clearance for their
6 power lines and for providing the fossil fueled and nuclear
7 fuel they do.

8 So for example, in California, if cars are
9 running on oil, that oil is sometimes brought from
10 Saudi Arabia, which no one else in America even does
11 because of restrictions on them having their own
12 fossil-fueled plants to produce oil and refine it there.

13 Wildfires, of course, are very predictable, a
14 scientific fact in California, and will always be there for
15 a variety of reasons, mostly not related to temperature but
16 to management and forest density, things of that nature.

17 So California has got a double whammy now. They
18 have got these terrible fires after the COVID has harmed
19 their economy, but their energy grid cannot handle it. So
20 like South Africa or Egypt, places I study in Africa, they
21 are now putting out brownouts and blackouts to maintain the
22 grid, which is inexcusable in a developed country with all
23 the resources that we have.

24 REPRESENTATIVE JAMES: Thank you.

25 Thank you, Mr. Chairman.

1 MAJORITY CHAIRMAN METCALFE: Thank you,
2 Representative Lee James.

3 Representative Vitali.

4 MINORITY CHAIRMAN VITALI: Thank you.

5 I first just want to apologize for my conduct the
6 last hearing. I lost my temper, and that's not who I want
7 to be as a Chairman. So I'll just get that on the record.

8 If I could, sir -- thank you for coming -- let
9 me just read you a statement. You had mentioned the
10 United Nations, and let me read you a statement from the
11 United Nations Intergovernmental Panel on Climate Change,
12 which you know is a body composed of some of the world's
13 best atmospheric scientists. And it's actually two
14 different statements made at two different times, and one
15 is their report with regard to climate change, and the
16 quote is this:

17 "One of the key messages that comes out very
18 strongly from this report is that we are already seeing the
19 consequences of 1°C of global warming through more extreme
20 weather, rising sea levels diminishing Arctic...ice, among
21 other changes...."

22 And then in 2018 they said:

23 "Staying at or below 1.5°C requires slashing
24 global greenhouse gas emissions 45 percent below 2010
25 levels by 2030 and reaching net zero by 2050."

1 Now, I mean, is it safe to say, reading the
2 material on this, the CO2 Coalition, that you disagree with
3 that?

4 MR. ROSSITER: On those two statements, sir, let
5 me take the second one first.

6 I think there is some good argument in the second
7 one that there is an impact, as we know, and we agree with
8 the UN of CO2 on temperature, and trying to stay under a
9 1.5-degree increase since 1900, you probably would have to
10 slash. However, the first question is more important,
11 which is, what is the effects of that warming?

12 Now, as I said, the UN says in the body of its
13 report that only a quarter of the 1-degree Celsius rise,
14 which is about a 1.8 Fahrenheit rise since 1900, can be
15 attributed confidently to CO2. So most of that warming
16 change, the climate change they're talking about, comes
17 just naturally and came before the CO2 era in 1950.

18 But the other important point you raise is, how
19 is it that the studies in the report, in the body of the
20 report, show clearly that the slope, the rate of change of
21 sea level from 1920 to 1950, before the carbon dioxide era,
22 is the same as the rate today, about a foot a century.
23 It's a long natural claim. So for them to put in sea level
24 in their press release or in their summary, executive
25 summary, they frequently contradict in their language of

1 press release and executive summary what's in the body of
2 their report.

3 In my testimony, I have the footnote for the
4 sea level rise being the same today as it was before CO2
5 was an impact, which is very well known. It's a
6 longstanding problem for the people in the Netherlands, for
7 example. Since the 1800s, the sea level has been coming
8 up, which, of course, was long before CO2 was a factor.

9 MINORITY CHAIRMAN VITALI: But what they are
10 saying in essence is that we need to reach carbon
11 neutrality by 2050 to avoid the worst effects of climate
12 change. We have to slash our greenhouse gases to avoid
13 very serious consequences. Do you agree with that
14 conclusion?

15 MR. ROSSITER: I agree that that is their model
16 predictions that you can see in there.

17 MINORITY CHAIRMAN VITALI: Now, do you agree with
18 that conclusion?

19 MR. ROSSITER: Well, it's a matter of opinion.
20 It's very hard to put forward---

21 MINORITY CHAIRMAN VITALI: What is your opinion?

22 MR. ROSSITER: I'm trying to give it, sir.

23 MINORITY CHAIRMAN VITALI: I'm waiting.

24 MR. ROSSITER: As you look forward, you have to
25 use a climate model to get to the year 2050, and climate

1 models are something that I teach and I love and I'm very
2 interested in, but they are very uncertain. They are not
3 oracles, they're tools. So with certain assumptions about
4 the sensitivity of climate's reaction to carbon dioxide,
5 you could have serious problems.

6 So this is a prospective problem. The models are
7 key to it. I don't think that the models should be the
8 basis, and I have testified for this before the Congress,
9 for making such an important policy decision to forgo these
10 future damages that are modeled versus real damage today by
11 raising the price of energy. I don't.

12 MINORITY CHAIRMAN VITALI: So do you believe
13 climate change is real and we ought to be reacting in a
14 very deliberative way to combat it?

15 MR. ROSSITER: By climate change you mean a
16 change in temperature driven by carbon dioxide, or do you
17 just mean the fact that the climate---

18 MINORITY CHAIRMAN VITALI: I mean the
19 conventional definition.

20 Now, please. Please.

21 MR. ROSSITER: No; it's very important. As a
22 professor, I always say we better know what we're talking
23 about. Climate has changed about 1 degree since---

24 MINORITY CHAIRMAN VITALI: I'm using it in the
25 conventional sense, sir. Please.

1 MR. ROSSITER: What is the conventional sense,
2 sir?

3 MINORITY CHAIRMAN VITALI: You are dancing.

4 MR. ROSSITER: No, no, not at all. I'm trying to
5 act professorially and say, are we talking about natural
6 climate change in the last 100 years, and about 75 percent
7 of temperature has been natural, according to the UN, and a
8 quarter has been CO2 based.

9 If it's CO2 based, you have to look at the data
10 today. We don't see, the UN doesn't see any statistically
11 significant change, whatever the cause of this warming, in
12 the number of hurricanes per decade since 1920 before the
13 era, the rate of sea level rise since 1920. So I would
14 affirm the UN's data, because I can't create the data. The
15 data don't show any more tornadoes per decade, hurricanes
16 per decade, flooding per decade. That's the UN talking.

17 MINORITY CHAIRMAN VITALI: Okay. One final
18 question.

19 So, well, actually, RGGI in effect, when it goes
20 into operation, essentially causes less coal to be
21 produced, more gas to be produced, and have nuclear power,
22 existing nuclear, maintain itself.

23 Now, you said that this will result in more
24 air pollution. Now, if you are shutting down coal, which
25 I think we can agree is very dirty from a conventional

1 air-pollution source, increasing gas, which testifiers will
2 say is cleaner than coal, and maintaining nuclear, which is
3 essentially emissions, emission free, how is it, one, that
4 this will not result, A, in greenhouse gas being reduced,
5 because coal emits less greenhouse gas, coal than natural
6 gas; and two, air pollution won't be reduced because coal
7 is dirtier.

8 I don't understand why reducing coal and
9 increasing natural gas and maintaining nuclear doesn't
10 result in less CO2 and less conventional air pollution.

11 MR. ROSSITER: Thank you, sir.

12 I testified that it will damage the environment
13 and it won't even affect the level of CO2 emissions because
14 of the solar and wind power which will be added to your
15 mix. And I testified that solar and wind are not
16 renewable. They take tremendous amounts of fossil fuel to
17 be burned. Carbon dioxide and other pollutants enter the
18 atmosphere stream whether they are burned in Canada, here,
19 or Africa. You will have this tremendous damage of mining,
20 transporting, refining, and then trying to recycle all
21 these wind turbines and solar panels, and especially the
22 batteries.

23 The batteries haven't yet solved the problem of
24 storing the power overnight, and we hope that it will. So
25 what you're doing is increasing the solar and wind, which

1 has tremendous environmental impact, not on the atmosphere
2 but in general an impact on the land and the mining of it,
3 and then you are not going to reduce fossil fuel use anyway
4 because you're going to have to get your power somewhere.
5 It may be from a coal plant somewhere else. You will have
6 natural gas reduced under RGGI more than it would be
7 otherwise.

8 Yes, under RGGI, natural gas is going to rise,
9 but it would rise much more, and the natural gas producers
10 also have to take part in the auction, because they emit
11 some carbon dioxide.

12 MINORITY CHAIRMAN VITALI: Okay. If I could
13 just---

14 MAJORITY CHAIRMAN METCALFE: Representative
15 Vitali, we're going to be out of time for this witness. We
16 have two other---

17 MINORITY CHAIRMAN VITALI: Can I just have one
18 more question, sir?

19 MAJORITY CHAIRMAN METCALFE: No. You already
20 said that was your last question, but thank you.

21 Representative Dush.

22 REPRESENTATIVE DUSH: Thank you, Chairman.

23 Professor, it's great to have you here. I really
24 appreciate your answers.

25 And, you know, you touched on something, and

1 going through thousands of pages of things like the
2 Nongovernmental International Panel on Climate Change,
3 there's thousands of pages of summaries, of studies, and
4 you kind of touched on this, but there's a thing in
5 computer science called garbage in/garbage out. The same
6 thing goes with statistics.

7 I want to go back, since the previous questioner
8 said something about coal being dirty. Coal, natural gas,
9 oil, they all come from the same thing -- compost. It's
10 the composted plant material that were here centuries ago.
11 Leaving something out like the Medieval warming period, as
12 Professor Mann did in his study, those types of things,
13 which are a lot of the flaws that you see in these other
14 studies, how would anybody -- the academic vigor that goes
15 into these things, would people be able to actually get
16 through their doctoral thesis defending that on some of
17 these studies that you have mentioned?

18 MR. ROSSITER: You are referring to studies that
19 look back at the temperature record to the year 1000, which
20 I don't even look at too much because it's so difficult to
21 get the input data for that. Tree rings and coral shells
22 are pretty hard to correlate with precise temperature.
23 However, it's a modeling exercise. That's a backwards
24 modeling exercise. There is also a future modeling
25 exercise, like the ones we just discussed, that look to the

1 year 2050 or the year 2100.

2 In all of them, and I have taught them and I
3 adore them, but changing one or two assumptions can
4 completely change your answer from positive to negative on
5 any of these. They are supposed to really help you look,
6 if this were true, what would happen; if this were true,
7 what would happen, but they can't say what would be true.

8 The father of the models had a wonderful line.
9 This is John von Neumann, who was our great mathematician
10 in the Defense Department after World War II. He actually
11 wanted the climate models to work, because he wanted to
12 figure out the atmosphere so he could cause drought in the
13 Soviet Union as a weapon. Fortunately, he failed. He
14 didn't, but he was playing with them. And he famously said
15 when he invented these mathematical models that they use
16 now, the global climate models, if you give me four
17 parameters free, I can draw an elephant. If you give me
18 five, I can make it wiggle its trunk. And just last year,
19 a couple of mathematicians did in fact put out a paper
20 showing that with four parameters, you can draw an elephant
21 with the resulting output line and make the trunk wiggle.

22 The models are useful for what they are, but as
23 we have learned through COVID, the models can't help you if
24 you get some of your assumptions right. And it's very
25 hard, and I don't have anybody's -- I'm not calling

1 anybody's motivations out. It's very hard to predict the
2 future, as they say, because if you slightly change one
3 parameter in a thousand-parameter model and you have to
4 estimate most of those parameters--- Models are just not a
5 good tool for deciding what the temperature will be in the
6 year 2050.

7 And then there's that link between temperature
8 and hurricanes, sea level rise, flood, ice. All of these
9 are complex physical processes. So there's no defining
10 truth in a model, but it can help you make estimates.
11 That's about it. You have to decide in the present what
12 would be better to retrofit your coal plants, like the
13 Turk Plant down in Arkansas, so it removes most of the
14 pollutants, that cost versus the benefit to the health of
15 people, or get rid of the coal plants and start buying a
16 lot of this solar and wind, as California did, and raise
17 your prices. There are results to that, too.

18 MAJORITY CHAIRMAN METCALFE: Thank you,
19 Representative Dush.

20 Representative Rapp for our final question.

21 REPRESENTATIVE RAPP: Thank you, sir, for being
22 here today. It was very informative.

23 Currently, from what I understand, solar and wind
24 provide about 1 percent to the grid as far as electricity
25 goes.

1 MR. ROSSITER: Here in Pennsylvania. I'm sorry.

2 REPRESENTATIVE RAPP: But that's some of the
3 hearings, I think---

4 MR. ROSSITER: Okay. I'm not sure.

5 REPRESENTATIVE RAPP: ---and it could be a little
6 bit more, you know, today.

7 So when we're looking at solar and we're looking
8 at turbines, and people who are supportive of RGGI are also
9 usually promoting green space and all of that, but isn't
10 that going to take away, if they are looking to actually
11 contribute a whole lot more to the grid---

12 MR. ROSSITER: Okay.

13 REPRESENTATIVE RAPP: ---there's going to have to
14 be a whole lot of landmass set aside on our hilltops for
15 turbines and solar fields.

16 So being a mathematician, any projections on how
17 much landmass it would take---

18 MR. ROSSITER: Sure.

19 REPRESENTATIVE RAPP: ---to bring that 1 percent
20 up to even 50?

21 MR. ROSSITER: Paul Driessen has done work on
22 this with the actual mathematics. I think it was, you have
23 to move everybody out of all the New England States,
24 New York, and Pennsylvania and just put wind turbines
25 there.

1 But unfortunately, that is missing the point.
2 Even with the wind turbines there providing that, you would
3 need a massive amount of batteries to store the power, and
4 that is not, technology is not there yet. And so what do
5 you do? What California does; what you do right now: You
6 have to have the reliable energy that can be turned on in a
7 heartbeat -- nuclear, hydro, gas, or coal.

8 And so the places that have done a lot of wind
9 and solar, which is phenomenally expensive and uses a lot
10 of fossil fuels anyway to construct it, they have to
11 maintain their natural gas and coal-powered plants, their
12 hydro, their nuclear, because you need that power or the
13 grid, as you'll hear from more experts than me today in
14 this testimony, will shut down and you won't be able to
15 function. So you don't even replace. You have to have
16 that other power, because it's intermittent. When the sun
17 is not coming through and the wind is not blowing, you
18 still need to have the power to make sure the lights are
19 on, your hospitals are open, people are working.

20 It would be wonderful if the battery technology
21 got there, but it seems to have stalled in the last
22 15 years to make any major contribution. Storing power
23 overnight is a very tough technical problem, apparently.

24 REPRESENTATIVE RAPP: Thank you, sir.

25 Thank you, Mr. Chairman.

1 MAJORITY CHAIRMAN METCALFE: Thank you,
2 Representative Rapp.

3 We did visit a power facility in Representative
4 Rapp's district that stores power overnight, but they do it
5 by pumping water up during the evening when energy prices
6 are low into their reservoir that's on top of the mountain
7 for use during the day, and then they allow the water to
8 come out during the daytime and generate power. So they
9 have created kind of a water battery, but it still takes
10 power to push it up to the top, and not everybody has that
11 mountaintop in their district that they can create that
12 kind of a hydro-battery, so to speak.

13 MR. ROSSITER: Well, could I just make one quick
14 comment on that before you move on to the others?

15 MAJORITY CHAIRMAN METCALFE: Sure.

16 MR. ROSSITER: I work mostly on African energy
17 and how Africa could increase its reliable electricity.
18 Only one-third of households in Africa have electricity,
19 and they are living very much like America in the 1890s,
20 1900. So people are dying, 3 million a year, the UN says,
21 because of the burning of fuel in their house. So they
22 burn wood, they burn dung in their house, and the
23 respiratory problems.

24 You have to use creative solutions like this
25 water pump that you're talking about. But to go from

1 little individual solutions in remote areas, both in Africa
2 and in Pennsylvania, to a grid that keeps power and lights
3 on at the level our economy requires for full employment
4 and to make our goods attractive, you cannot do it with the
5 little things. You need to do it with the big things. The
6 grid, the reliable power, has got to be there.

7 So I'm all for innovation, but in the meantime,
8 our economy and our health -- our health -- requires
9 keeping the lights on.

10 MAJORITY CHAIRMAN METCALFE: Thank you very much.
11 Thanks for making the trip here today.

12 MR. ROSSITER: Thank you, sir.

13 MAJORITY CHAIRMAN METCALFE: And we appreciate
14 you sharing your expertise with us today. It was a benefit
15 to myself and many others and will continue to be as we
16 share this information with others outside of the Capitol.

17 Thank you, sir.

18 MR. ROSSITER: Thank you, Chairman and Members.

19 MAJORITY CHAIRMAN METCALFE: Our next testifier
20 is Mr. Roger -- Caiazza?

21 MR. CAIAZZA: Caiazza.

22 MAJORITY CHAIRMAN METCALFE: ---Caiazza, retired
23 Air Pollution Meteorologist.

24 Thank you, sir, for joining us here today. I
25 believe you made the trip in from New York?

1 MR. CAIAZZA: Yes.

2 MAJORITY CHAIRMAN METCALFE: Thank you very much.

3 When he talked about replacing the population of
4 New York and Pennsylvania with wind turbines, the only good
5 point I saw was getting rid of Governor Cuomo, who I
6 wouldn't have to hear on television any longer.

7 MR. CAIAZZA: No comment.

8 MAJORITY CHAIRMAN METCALFE: He wouldn't be able
9 to be Governor of New York any longer.

10 But thank you, sir, for joining us. We
11 appreciate you being here, and you can begin when you're
12 ready, sir.

13 MR. CAIAZZA: Good morning, Chairman Metcalfe,
14 Chairman Vitali, and Members of the Environmental Resources
15 and Energy Committee. My name is Roger Caiazza. I am a
16 retired Air Pollution Meteorologist from Syracuse,
17 New York.

18 I have been working with RGGI since 2004 when it
19 started. When I retired, I started a blog called
20 *Pragmatic Environmentalist of New York*, where I try to
21 explain the importance of balancing risk and benefits of
22 both sides of environmental issues.

23 I did a recent article on a presentation by the
24 Pennsylvania DEP entitled "RGGI 101 How it Works and How it
25 Benefits Pennsylvanians." That caught the attention of

1 Chairman Metcalfe, and I was asked to testify at this
2 hearing.

3 The opinions expressed in my testimony do not
4 reflect the position of any of my previous employers or any
5 other company I have been associated with. These comments
6 are mine alone. I have no affiliation with any company in
7 Pennsylvania.

8 Let's talk a little bit about carbon pricing in
9 general.

10 I agree it's an attractive theory. It has been
11 getting a lot of positive press lately. It works by
12 charging sources for the tons of CO2 they emit. The theory
13 is that by setting a price, the market will devise the
14 least-cost approach to reduce CO2 emissions.

15 RGGI is a market-based variation where a cap is
16 established, allowances are auctions, and the proceeds are
17 invested. Proponents call this kind of variation "cap and
18 dividend." I call it "cap and tax." I realize it's not
19 officially a tax, but the way it works with the companies,
20 it is for all intents and purposes a tax. The problem is
21 that power plants do not have a lot of options to reduce
22 CO2, and because they don't have a lot of options, they
23 just add the cost of the RGGI allowances to their operating
24 costs and treat it just like a tax, and as a result,
25 ultimately, it's a regressive tax.

1 Proponents of RGGI claim it's a success. I look
2 at it from the standpoint of, is it successfully reducing
3 CO2, and in that context, I don't think it is as much of a
4 success as is claimed. The Pennsylvania DEP webinar talked
5 about a 45-percent reduction since 2005. The latest RGGI
6 Investments of Proceeds report has a 50-percent reduction
7 since 2005. But how much did RGGI actually contribute to
8 those reductions?

9 What I did is I looked at the actual effect of
10 RGGI using data from EPA. I used data from 2005 to 2019
11 from all the RGGI States and Pennsylvania. Something to
12 keep in mind is that RGGI had the advantage of the EPA
13 Clean Air Markets Division tracking system for emissions.
14 So they didn't have to deal with any of that. All the
15 emissions are completely available and transparent to
16 anybody.

17 The result since 2005, or whatever baseline you
18 want to use before RGGI to today, is very impressive.
19 CO2 is down at least a third across RGGI and Pennsylvania.
20 SO2 is down 95 percent. NOx mass is down 82 percent.
21 Load is down 12 percent. So the question is, why did it
22 reduce?

23 When you look at the data sorted by primary fuel
24 type, it's obvious that the reductions from coal and oil
25 generating, which are the orange and gray segments of the

1 bars in the figure, have reduced the most over time. In
2 the nine States of RGGI plus New Jersey, Virginia, and
3 Pennsylvania, coal and oil emissions have dropped over
4 78 percent. In the nine-State RGGI, those States that have
5 been in RGGI since it started, coal is down 93 percent, oil
6 is down 84 percent.

7 So why did that occur? Fuel switching.
8 Obviously, they switched from coal and oil to natural gas,
9 but why? Because it was cheaper. RGGI had very little to
10 do with it, because the cost adder of the RGGI price
11 relative to the total operating cost of the plants was
12 small.

13 We're not talking about fuel switching just at
14 facilities, we're also talking about displacing older units
15 with more expensive fuels. There is no options where there
16 is any indication that RGGI was a driver. However, you got
17 to keep in mind that there's displacement of the fossil
18 fuel by other State programs that subsidize renewable
19 generation, which displaced the fossil plant operating.

20 When you look at what did RGGI actually do,
21 because the market signal of the RGGI price is so small,
22 the only thing I claim that you can account directly for
23 RGGI is the results from investments they made with the
24 auction proceeds. RGGI publishes an annual investment
25 proceeds report. If you total up all the annual

1 investments, it's \$2.8 billion. Avoided CO2 emissions from
2 all those investments is 3.1 million tons.

3 The pre-RGGI baseline to the last 3-year
4 reduction was 98 million tons. Three-point-one million
5 over 98.2 million tons is a 3.3-percent reduction as
6 compared to the 50-percent reduction that was claimed by
7 the auction proceeds report.

8 The other thing to keep in mind is the
9 \$2.8 billion divided by the 3.1 million tons gives a cost
10 per ton removed of \$898 a ton. That's very inefficient.

11 Something else that I think, and this is
12 something New York has never done with all their climate
13 change regulations, is calculate the effect on global
14 warming that would be caused by the procedure, and what
15 we're talking here is, if you join RGGI, what effect will
16 that have on global warming?

17 I found a projection for the United States. I
18 prorated those results by the Pennsylvania electric sector
19 emissions. So we're assuming if we eliminate all the
20 electric sector emissions, what will the reduction to
21 global warming be. I found a reduction or a savings of
22 approximately 0.0023-degrees Celsius by the year 2100. As
23 a meteorologist, you'll never be able to measure that.

24 If you put that change in temperature in the
25 context of changes with latitude and elevation, it would be

1 the same as a 9-inch change in elevation, or two-tenths of
2 a mile change in latitude.

3 It's also important to put that in context.
4 According to the China Electricity Council, China has
5 75.9 gigawatts of new coal capacity completed within the
6 last year or under construction. If you assume that new
7 coal plants are as efficient as possible, reductions
8 provided by eliminating all Pennsylvania electric sector
9 emissions will be replaced by the new Chinese coal plants
10 in 153 days.

11 Pennsylvania has a really good story to tell with
12 their emissions reductions. You have accomplished nearly
13 as much without joining RGGI as the nine States that have
14 been members from 2009 to 2019 in terms of maintaining
15 fossil generation levels while reducing emissions,
16 improving efficiency, and switching to cleaner fuels.

17 An important thing to keep in mind is that in
18 2019, there were a total of 77.9 million tons of CO2
19 emitted in the electric sector and 37.8 million tons were
20 emitted from coal generation. It's very likely that the
21 continued switch to cleaner fuels enabled by Pennsylvania's
22 natural gas industry will reduce emissions further whether
23 or not Pennsylvania joins the program.

24 In conclusion, despite the claims made by its
25 proponents, upon close examination, RGGI is an inefficient

1 method for reducing CO2 emissions. Because they don't have
2 choices to reduce CO2, the affected source is treated
3 simply as a tax. As a result, that means that the primary
4 impact to the public is a regressive tax.

5 Fuel switching to Marcellus shale created by
6 Pennsylvania's fracking revolution was the primary cause of
7 the observed decreases in emissions. Clearly, Pennsylvania
8 has done more to reduce CO2 in the RGGI States than RGGI
9 itself, and that will continue. Whatever the cause, any
10 electric sector CO2 reductions will not have any measurable
11 effect on global warming with direct benefit to
12 Pennsylvanians.

13 I'll be happy to answer any questions.

14 MAJORITY CHAIRMAN METCALFE: Thank you, sir.

15 Representative Otten.

16 Representative Vitali.

17 MINORITY CHAIRMAN VITALI: I'll defer to
18 Representative Krueger, if I could. I do have a question,
19 but if she wants to go first, that would be fine with me.

20 MAJORITY CHAIRMAN METCALFE: Representative
21 Krueger.

22 REPRESENTATIVE KRUEGER: Thank you so much for
23 joining us here today.

24 I've got a question for you about your testimony.

25 In your written testimony, you call RGGI a tax,

1 and yet, RGGI is a plan that requires coal and gas-powered
2 plants to pay for their carbon pollution.

3 Now, I have got an MBA degree, and I'll never
4 forget sitting in my finance class in the first year and
5 learning about externalities. Externalities are costs that
6 don't actually show up on a company's balance sheet because
7 they're not responsible to pay for them, and yet, those
8 externalities may be impacting other communities who are
9 not benefiting directly from that company's transactions.

10 Who do you think is responsible for the
11 externalities caused by the coal and gas companies here in
12 Pennsylvania?

13 MR. CAIAZZA: Are you asking whether that's
14 related to it being a tax?

15 REPRESENTATIVE KRUEGER: I'm asking, who should
16 pay for that?

17 MR. CAIAZZA: I think there has to be a balance
18 between, yes, there's negative impacts, but they also
19 provide positive impacts, and if you're one of the people
20 in Africa who doesn't have electricity, I think you would
21 be willing to accept burning coal to get electricity so I
22 didn't have to burn dung to heat and cook.

23 REPRESENTATIVE KRUEGER: I understand that.

24 Who do you think is responsible for paying for
25 the negative impacts, as you just noted, here in

1 Pennsylvania?

2 MAJORITY CHAIRMAN METCALFE: I think he already
3 answered the question. It's a matter of both sides of the
4 equation. So maybe you could ask him a question about his
5 testimony instead of creating a question that has nothing
6 to do with his testimony.

7 REPRESENTATIVE KRUEGER: Well, I'm sorry,
8 Mr. Chairman, but he clearly said that he believed RGGI is
9 a tax. That has been part of the rhetoric we have heard
10 from folks who oppose RGGI---

11 MAJORITY CHAIRMAN METCALFE: Well, that was---

12 REPRESENTATIVE KRUEGER: ---but RGGI is not
13 actually a tax.

14 MAJORITY CHAIRMAN METCALFE: Well, that was
15 clearly cited by the attorney we had testify at the
16 previous hearing, that based on previous court rulings and
17 the way that this would work is that it is a tax that would
18 be levied by the Governor through this RGGI scheme.

19 REPRESENTATIVE KRUEGER: Mr. Chairman, we have
20 had hearing after hearing on RGGI. I think this is now the
21 fourth one-sided hearing that you have called. We can't
22 ignore the externalities.

23 We have studies happening right here in
24 Pennsylvania right now about children who have higher
25 cancer rates who live close to coal and gas plants.

1 Someone needs to be responsible for that. Who is
2 responsible for the externalities of this industry?

3 MAJORITY CHAIRMAN METCALFE: I'm just glad that
4 our families don't have to burn dung to cook their food,
5 because I think we would have a lot more asthma and a lot
6 more issues going on than what you are trying to create,
7 this illusion that it's actually some kind of negative
8 impact, because we actually have a country where we
9 actually produce energy to make the lives of our citizens
10 much better.

11 REPRESENTATIVE KRUEGER: Mr. Chairman, I have
12 asthma and so does my son, and there's a higher rate of
13 asthma in families who live close to these industries.
14 Someone needs to be responsible.

15 MAJORITY CHAIRMAN METCALFE: Great. And we'll
16 argue about that more in the future, but in the meantime,
17 we're going to move on to---

18 MR. CAIAZZA: Can I address that?

19 There's this concept---

20 MAJORITY CHAIRMAN METCALFE: Do you have an
21 answer, a further answer for her question?

22 MR. CAIAZZA: Yes.

23 There's this concept that the local effects of
24 power plants are having these negative externalities, and
25 then they go back to because of inhalable particulates in

1 ozone. The problem is, those are secondary pollutants, and
2 by the time ozone and inhalable particulates are created
3 from the emissions from your adjacent power plant, they
4 have moved downwind. It's not the local power plants.

5 The 95-percent reduction we have seen in SO2 has
6 made a huge impact on the inhalable particulate levels
7 across the Northeast. Now, if you can show me where we
8 have seen the benefits of those reductions in regional
9 inhalable particulates, I'll have more confidence that the
10 local impacts have any effect whatsoever.

11 REPRESENTATIVE KRUEGER: Moms Clean Air Force has
12 come out with research that shows that children living
13 close to fracking sites are more impacted.

14 MR. CAIAZZA: That's not a power plant.

15 REPRESENTATIVE KRUEGER: No, but it's directly
16 tied to this industry.

17 I think we still need to answer the question, who
18 is responsible? I thank you for your testimony today.

19 MR. CAIAZZA: You're welcome.

20 MAJORITY CHAIRMAN METCALFE: Our next question
21 will be from Representative Dush.

22 REPRESENTATIVE DUSH: Thank you, Chairman.

23 Can you discuss further how large a portion of
24 the emissions reductions that the RGGI States point to
25 actually had nothing to do with RGGI itself?

1 Or, one of the things that I'm looking at this
2 slide and what you wrapped up your testimony with, we are
3 an exporter, and New York being part of RGGI, they're an
4 importer. How much of that additional on the RGGI States
5 come from States like Pennsylvania importing some of that
6 reduced NOx into their State?

7 We are not a part of RGGI right now. We're
8 importing electricity to them, but their reduction levels
9 are partly generated because of what Pennsylvania is doing,
10 simply because we are producing natural gas and electricity
11 and sending it.

12 MR. CAIAZZA: I think the major reason that
13 New York has made the reductions they have made is because
14 of switching to natural gas.

15 I worked for a power company in Upstate New York
16 that had two coal-fired power plants. They put on every
17 control option they could. They met every current and
18 future pollution limits that they had. They went out of
19 business because they couldn't compete with natural gas.

20 So when I say that your actions have done more to
21 reduce CO2 than RGGI, it's because of your natural gas and
22 the fracking that produced the cheaper gas.

23 Did I answer your question?

24 REPRESENTATIVE DUSH: Yes.

25 And if you don't mind, can you talk more about

1 the discussion of the social cost of carbon and how, and
2 even if you were looking to address this issue, how would
3 RGGI particularly be effective or ineffective in dealing
4 with this?

5 MR. CAIAZZA: Well, the social cost of carbon is
6 a parameter that they used to try to calculate the negative
7 externalities of carbon. It's a long, convoluted process.
8 It includes trying to figure out costs going out 300 years,
9 so I'm a little reluctant to take it very seriously. But
10 the bottom line for your question is, the current value of
11 the social cost of carbon from the interagency working
12 group with a 3-percent discount rate, and there was another
13 condition I can't remember, is \$50.

14 Remember that the RGGI cost based on their
15 investments and with the CO2 reductions they are getting is
16 \$898. So it's a quarter of a magnitude more than the
17 social cost of carbon.

18 MAJORITY CHAIRMAN METCALFE: Thank you. Thank
19 you, Representative Dush.

20 Representative Vitali.

21 MINORITY CHAIRMAN VITALI: Mr. Chairman, I know
22 that Representative Friel Otten has a question.

23 MAJORITY CHAIRMAN METCALFE: Well, I tried
24 calling on her before. Does she have a question this
25 time?

1 Representative Otten.

2 REPRESENTATIVE OTTEN: Thank you.

3 MINORITY CHAIRMAN VITALI: Thank you.

4 REPRESENTATIVE OTTEN: Thank you, Mr. Chairman.

5 Okay. So I have just a couple of quick
6 questions.

7 You just mentioned that the benefit to
8 Pennsylvania of not being part of this coalition is that we
9 are importing energy to the States that are a part of the
10 coalition. Do you have an assessment of what the increased
11 external cost to Pennsylvanians would be based on that
12 increased importing?

13 So we're not just producing energy for ourselves
14 here in Pennsylvania. According to your testimony, we're
15 producing energy for other States, and so therefore,
16 Pennsylvanians are taking on the external consequences on
17 cost for that in their public health and safety. Can you
18 speak to that?

19 MR. CAIAZZA: I'm sorry I wasn't very clear.

20 What you're referring to is leakage, where
21 reductions, instead of the CO2 reductions being made inside
22 of the RGGI States, it just gets transported over to
23 Pennsylvania---

24 REPRESENTATIVE OTTEN: Right.

25 MR. CAIAZZA: ---and you suffer the consequences.

1 According to RGGI, there hasn't been much
2 leakage, and if I gave you the impression that I thought
3 that there was a lot of increased emissions in Pennsylvania
4 because we were importing it, I didn't mean to say that.

5 What you have done is you have provided us with
6 the natural gas and brought that into the State, and that
7 has displaced internal generation, not using your
8 generation.

9 REPRESENTATIVE OTTEN: Can you explain that in
10 layman's terms? So, like---

11 MR. CAIAZZA: I'm sorry.

12 REPRESENTATIVE OTTEN: I'm sorry. It's just not
13 making a whole lot of sense to me.

14 MR. CAIAZZA: So if a coal plant in Pennsylvania
15 -- the bottom line is, when you send natural gas to
16 New York, it's cheaper than a coal-fired power plant in
17 Pennsylvania, so that wouldn't run more than it does
18 normally just to provide load to New York.

19 REPRESENTATIVE OTTEN: So you're saying that the
20 people who live near fracking to extract natural gas, who
21 are experiencing higher rates of cancer, higher rates of
22 all kinds of pollution-induced illnesses, as a result of
23 that activity, they are not having an increased burden
24 because Pennsylvania is exporting that product to other
25 States who are working to reduce their externalities and

1 their air, water, and pollution control.

2 MR. CAIAZZA: I'm not sure if I can answer that
3 appropriately.

4 I think on the whole, if you balance all the
5 costs, positive and negative, fracking has been a positive.

6 REPRESENTATIVE OTTEN: Can you explain to me what
7 all the costs are that you are talking about?

8 MR. CAIAZZA: Well, you are claiming all these
9 local impacts. I have seen studies that dismiss those as
10 not necessary or not accurate. And if you look at the
11 numbers that I was showing, those total reductions across,
12 you have reduced particulate matter and you have reduced
13 ozone. That has huge health impacts -- allegedly. And if
14 you take those on the whole, I think they are greater than
15 the local impacts.

16 REPRESENTATIVE OTTEN: So I personally
17 experienced some of the local impacts this weekend. I
18 actually was with a constituent who does not have a
19 contract with the energy company that is expanding in our
20 community. They have not signed an easement. They have
21 not, they have not been paid by the energy company or
22 benefited in any way, and their entire backyard has turned
23 into a swamp because of water being displaced from
24 construction for pipelines to transport energy outside of
25 Pennsylvania.

1 So when you talk about the cost and the impacts
2 from the perspective of simply air particulate matter,
3 that's not the complete cost and impact to our local
4 communities. And as we become an exporter of this product
5 to other States and other countries, that local impact
6 expands across the entire Commonwealth. Beyond just simple
7 fracking sites or coal mines, now we have impacts to our
8 roads. We have impacts to our streams and waterways across
9 350 miles of Pennsylvania. We have impacts to schoolyards,
10 playgrounds, libraries, major roadways that are opening up
11 with dozens of sinkholes near valve stations.

12 So I think when you talk about the costs and you
13 don't include the cumulative costs, not just to the public
14 but also to private property owners who are just in the
15 wake of all of this, I think that's an inaccurate
16 representation of the conversation.

17 MR. CAIAZZA: I should have clarified, I am an
18 air pollution meteorologist. I am only talking about air
19 pollution.

20 REPRESENTATIVE OTTEN: Okay.

21 MR. CAIAZZA: I can't speak to---

22 REPRESENTATIVE OTTEN: So you can't speak to the
23 full costs.

24 MR. CAIAZZA: Correct.

25 REPRESENTATIVE OTTEN: Thank you so much. I

1 appreciate that.

2 MAJORITY CHAIRMAN METCALFE: Interesting
3 testimony given by a colleague.

4 I come from an area that has a lot of fracking,
5 and I think the supermajority of my constituents that have
6 leases and that live close to the fracking operations would
7 passionately dispute a lot of the statements that were just
8 made by my colleague from the southeast that doesn't have
9 the fracking. But I actually live where it's occurring,
10 and I think fracking has been a great benefit to our area,
11 our State, and our nation for energy independence, so.

12 We are out of time for questions from this
13 witness. Anybody that wanted to still question will be
14 moved down the list for the next testifier.

15 Thank you, sir, for joining us. Thanks for
16 making the trip from New York. We appreciate it.

17 MR. CAIAZZA: You're welcome.

18 MAJORITY CHAIRMAN METCALFE: And I grew up in the
19 Baldwinsville area, so not too far from where you worked,
20 so.

21 Have a good day, sir. Thank you for joining us,
22 and have a safe journey home.

23 Our next testifier will be Mr. Walter Schroth.
24 He is owner of Schroth Industries, Inc. He is a member of
25 the Pennsylvania Small Business Compliance Advisory

1 Committee.

2 Thank you, sir, for joining us today.

3 MR. SCHROTH: Thank you, Chairman. It's a
4 pleasure to be here.

5 MAJORITY CHAIRMAN METCALFE: And you can begin
6 whenever you're ready, sir.

7 MR. SCHROTH: Good morning, everyone.

8 I want to thank you for the opportunity to speak
9 today on the impacts RGGI will have on small business.

10 I am the third generation of a small forest and
11 wood products company. Schroth Industries, Inc., can trace
12 its roots back to when my grandfather started cutting mine
13 props in 1929 for the local coal mines.

14 My father set up the wood-treating plant in 1970
15 to meet the increasing needs for treated timber used in the
16 mines that were established in the 1960s to supply the
17 mine-mouth-fed, coal-fired power plants here in Indiana
18 County. They are the Keystone, Conemaugh, and Homer City
19 Generating Stations.

20 I continue to operate that treating plant,
21 supplying Rosebud Mining Company with their treated mine
22 timber needs. Seventy to seventy-five percent of our
23 annual revenues come from Rosebud. Schroth Industries
24 employs four full-time employees and two part-time office
25 workers.

1 I currently buy my raw, untreated wood directly
2 from two small, one medium, and four large local sawmills.
3 They are, to a greater or lesser degree, dependent on my
4 purchases for their survival. While my purchases do not
5 consume 100 percent of their production, should
6 Schroth Industries, Inc., not survive, at least one or
7 perhaps three of those sawmills would not survive either.

8 In addition, we support three maintenance
9 facilities, a plumbing supply house, an auto parts store, a
10 local paint store, a small community bank, a fuel and oil
11 dealer, an independent accounting firm, and we purchase our
12 preservatives from a subsidiary of the Koppers Corporation
13 headquartered in Pittsburgh. Our capitalist economic
14 system has created an intricate interlocking web,
15 connecting small, independent family-owned businesses.
16 When you break that chain, it affects everyone in the
17 chain.

18 As a member of the DEP's Small Business
19 Compliance Advisory Committee, I, with the entire
20 committee, have been briefed on the RGGI tax proposal by
21 the Department. I used the term "tax," because at the end
22 of the first briefing, that was my immediate reaction to
23 what was presented.

24 A fee is something you pay with the expectation
25 that you will get something directly in return. A tax is

1 something you pay to the government entity with no
2 expectation of getting anything directly in return. With
3 the RGGI proposal's failure to significantly change the
4 global trajectory of greenhouse gas emissions, there is no
5 realistic expectation of achieving the environmental
6 improvements touted in the proposal.

7 During the Small Business Compliance Advisory
8 virtual meeting on July 22nd, a Department representative
9 gave the third presentation to the SBCAC prior to the
10 committee taking the vote. I, along with three other
11 business owners or business representatives, voted "no" in
12 a 3-4 vote in moving the proposal forward. I voted "no"
13 for three reasons.

14 First, the proposed RGGI regulations were not
15 ready for presentation to the Small Business Compliance
16 Advisory Committee, as there was no information presented
17 on the impact those regulations would have on small
18 businesses that weren't actual power generators. When
19 challenged as to where the information was, the DEP's
20 representative explained that they were in discussions with
21 the DCED and had not yet determined the impacts.

22 It seemed incredulous to me that while we as
23 representatives of the small businesses of the Commonwealth
24 were being asked to approve a new program that would impact
25 those businesses, there was no information presented on the

1 impacts that it would have on them.

2 Second, the proposed regulations did not actually
3 solve the problem. As has been previously presented to
4 this Committee, within 10 years, the CO2 levels will
5 essentially return to current levels. Also, like we have
6 already seen the shuttering of other fossil fuel-fired
7 power plants, in the earlier RGGI States, which
8 individually saw a reduction in CO2, the demand for
9 inexpensive power was not abated, nor more importantly, was
10 not replaced by greener sources, but rather it was
11 transferred to other States such as Pennsylvania.

12 Manufacturing, one of the largest engines for
13 creating true economic wealth, views inexpensive energy as
14 existential. In short, if you don't have a source of
15 stable, inexpensive energy, you don't have manufacturing.

16 I simply could not support a proposed regulation
17 that would shut down businesses in Pennsylvania and
18 transfer their product lines to plants in Ohio or
19 West Virginia where those States would continue to produce
20 fossil fuel-powered electricity, selling it back into
21 Pennsylvania.

22 Third, the negative impact that the loss of
23 better paying jobs and the shuttering of fossil fuel-fired
24 plants would have on local school districts. As the
25 president of the Indiana Area School Board of Directors, I

1 can tell you that our district like the 499 other districts
2 in the Commonwealth have been pummeled and continue to be
3 pummeled by the impacts of the COVID pandemic. The loss
4 of tax revenue due to the shuttering of an electric
5 generating plant would be disastrous. It would threaten
6 their very survival. The closing of the three coal-fired
7 power plants located in or bordering Indiana County --
8 Homer City, Keystone, and Conemaugh -- would devastate the
9 Homer-Center, United, and Armstrong School Districts.

10 As an example, Homer City School District
11 receives \$710,000 from the Homer City Plant in property tax
12 revenue, representing 12 percent of their tax base. It
13 also receives \$30,000 in direct EIT from those power plant
14 employees that live within that district. The \$740,000
15 total revenue reduction equates to a 10-percent reduction
16 in the total number of teachers employed by the
17 Homer City School District. They also have \$38 million in
18 long-term debt.

19 We would see something very similar with
20 United School District at 110,000 in direct annual
21 revenues, while holding \$19 million in long-term debt.
22 None of these figures include the impacts on the school
23 districts from small businesses that support the power
24 plants and their employees that live within the districts
25 that will decline, lay off, and/or go out of business

1 because of the impacts of RGGI.

2 This would be true for any school district that
3 houses a fossil fuel-powered plant. Remember, Indiana
4 County is a very rural area. Those high-paying jobs cannot
5 be easily replaced.

6 But what happens when Homer City School District,
7 which adjoins Indiana School District to the south, closes
8 its doors because it can no longer pay its bills? Then
9 what? Will PDE take over the district? History shows us
10 that we want to think of this as the stewards rearranging
11 the deck chairs on the Titanic after it hit the iceberg.
12 Will you force a merger with Indiana School District? Who
13 will pay their long \$38 million debt? The Indiana
14 taxpayers? I don't think so.

15 The consolidation would necessitate the closing
16 of one or more buildings between the consolidated districts
17 and triggering a reconfiguration of that "new" district.
18 Again, who will pay for that? The Indiana School District
19 taxpayers? The Commonwealth? PlanCon? The same questions
20 apply to United. I do not believe that anyone has
21 considered these unintended consequences, or are these
22 costs part of the overall calculation made in RGGI?

23 My wife and I are at retirement age. I turned
24 69 this past April. We only had one child. Our son is a
25 graduate of the University of Idaho with a BS in wildland

1 fire ecology and management. He sort of followed in my
2 footsteps, as I have a bachelor of science degree in forest
3 management and worked in my younger days as a land
4 management forester. He and his wife currently work for
5 our company, as they intend to succeed us and continue to
6 operate the wood-treating plant.

7 Without the income from the coal mines, the real
8 question for me is whether I will have a viable business to
9 turn over to them. He's a sharp guy. He has got real
10 strong work ethic. But more importantly, his critical
11 thinking skills, which we so desperately need in our
12 society, are highly developed. In short, he is an
13 excellent problem solver and is capable of running the
14 company and operating the company now, or for that matter,
15 someone else's.

16 With all the current uncertainties that we all
17 are facing, and now this existential threat from RGGI, we
18 have delayed our retirement, as I can no longer assure my
19 son that he will have that viable business. The tragedy is
20 Pennsylvania is losing its younger generations. If
21 Schroth Industries fails to survive, our son and his young
22 family will move West, as there is little work for a
23 wildland fire ecologist in Pennsylvania.

24 I will sell, or more likely, scrap out the
25 business, ending the work of three generations and sell our

1 holdings here, and my wife and I will move wherever he
2 lives to be close to our grandson and, hopefully, his
3 future siblings.

4 Thank you.

5 MAJORITY CHAIRMAN METCALFE: Thank you,
6 Mr. Schroth.

7 Representative Sankey for our first question.

8 REPRESENTATIVE SANKEY: Thanks, Walter.

9 I'm from Clearfield County, so kind of a
10 neighbor. Your story is very telling. We have very same
11 dynamics in our school districts, and we can't afford to
12 lose anybody.

13 So my question is, and it's more of a businessman
14 is the answer I'm looking for, what's your sense of how
15 Pennsylvania families and businesses will be affected if
16 they have to absorb an additional, what, \$2 billion in
17 higher electricity costs over the next year, the next
18 couple of years, specifically during this economic and
19 health pandemic?

20 MR. SCHROTH: That's an excellent question. But
21 that was essentially the question that I was asking the DEP
22 representative who could not answer the question, because
23 that's exactly the thing that we need to know. Where are
24 the longitudinal studies that have said or are going to say
25 we're going to lose so many businesses and you are going to

1 lose so many employees and their cost of their energy is
2 going to go up by a certain amount? And those businesses
3 that are working on the margin are not going to survive who
4 can't pass those increased costs on to their customers.

5 So I can't answer your question, because the data
6 right now that we should have received prior to RGGI coming
7 formally for a vote at the Small Business Compliance
8 Committee was not there. I'm sorry; I---

9 MAJORITY CHAIRMAN METCALFE: Thank you,
10 Representative Sankey.

11 Representative James.

12 REPRESENTATIVE JAMES: Thank you, Mr. Chairman.
13 Mr. Schroth, thank you for your testimony today.

14 I would like to just add on to Representative
15 Sankey's question, if I may.

16 Now, you are an experienced businessman. Your
17 family has been in business there for three generations,
18 and you have hopefully a fourth generation coming. From
19 day one here, I have been a proponent of business,
20 especially small business, so my concern is, and if you
21 would kind of run this out locally at your own level. My
22 concern is that if the State engages in the RGGI situation,
23 what will be the effects down the line on small businesses,
24 say where you live, or across the State?

25 MR. SCHROTH: So when I mentioned that we

1 supported, you know, a local bank, three maintenance
2 facilities, and that sort of thing, a lot of those same
3 folks that are helping to keep Schroth Industries going
4 that are necessary are also necessary to keep the local
5 power plants going. They are also necessary to help keep
6 the coal mines going.

7 There is one particular organization that comes
8 to mind that builds little mine cars for the coal mines.
9 They also do repair work on the boilers in the power
10 plants, and they help keep my equipment running as well.
11 So it will be a near disaster for that particular company.

12 Okay. Again, I mean, if we shut down and we move
13 out, okay, then if one of those other sawmills shuts down
14 -- okay? -- and they're not necessarily directly located
15 right beside me, they're anywhere in Somerset, Cambria, and
16 Indiana Counties, it will impact those counties as well.
17 So there is, again, that interlocking web that I mentioned,
18 when you break that chain.

19 You know, essentially what we have done here is
20 we have built a small economy around these power plants,
21 which includes the coal, which includes the timber, which
22 includes the people who make the mine bolts, which includes
23 the people who repair and rebuild these power plants, and
24 when we break that economic system, it has, you know, a
25 tidal wave or a tsunami, as I guess is more the current

1 terminology, on the impacts of every small business in that
2 community where these plants are located.

3 REPRESENTATIVE JAMES: I agree with that.

4 I don't want to say nothing is more important to
5 a man or a woman than a good essential job. All jobs are
6 essential. They always have been, from the beginning.
7 When we talk about knocking down businesses and closing
8 doors, we're talking about putting people, human beings,
9 out of work. That's a bad situation all the way around.

10 MR. SCHROTH: To follow up, to follow up on your
11 question, and I know this is not directly related with the
12 RGGI, but the other big economic driver in Indiana,
13 Pennsylvania, is Indiana University of Pennsylvania, IUP.
14 This COVID has absolutely caused that university to make
15 some very dramatic changes, as we've seen all over the
16 State. I believe their current plans are only to bring
17 back the freshman class and maybe a couple of other
18 individual groups. Typically, they have around 11,000
19 students. Okay, if there's only going to be 3,000 students
20 come back into our community, what did that do to the local
21 businesses, and now you compound it with what's going to
22 happen from RGGI.

23 In Indiana County like Clearfield and some of the
24 others in the surrounding area have always been energy
25 producers, including natural gas. The shallow fields of

1 natural gas have been around since the 1920s or 1930s, and
2 fracking of natural gas in Indiana County has been around
3 since the 1960s or 1970s for the shallow fields. Now you
4 want to shut all this down, plus shut down the other big
5 economic driver that we have because of the COVID? The
6 real concern that the community has is that it will become
7 a ghost town.

8 REPRESENTATIVE JAMES: I'm with you.

9 Thank you, Mr. Chairman.

10 MAJORITY CHAIRMAN METCALFE: Thank you,
11 Representative James.

12 Representative Schemel.

13 REPRESENTATIVE SCHEMEL: Thank you, Mr. Chair.

14 Mr. Schroth, I'm here behind the podium. Thanks
15 for your testimony.

16 MR. SCHROTH: Oh, okay. Okay; I'll lean back a
17 little bit so I can see you.

18 REPRESENTATIVE SCHEMEL: Thanks.

19 So much of public policy is a balancing or a
20 weighing of goods, and you're not a scientist. We heard
21 from two scientists earlier in their testimony, and in
22 their testimony they stated that the benefits of joining
23 RGGI from a climate perspective are negligible at best. So
24 on one end of that balanced scale, you have whatever those
25 perceived or actual benefits may be.

1 You are a businessman, however. You're not here
2 to testify as to climate science, but you're here to
3 testify as to the real impact of RGGI upon your community.
4 So you're saying in your community the impact of RGGI will
5 be incredibly damaging to your business, to the business of
6 so many others. So on that end of the scale, you are
7 saying RGGI has a significantly negative impact. Is that
8 correct?

9 MR. SCHROTH: That's absolutely correct, sir.

10 REPRESENTATIVE SCHEMEL: Yeah. Thank you,
11 Mr. Schroth.

12 And in addition, like my colleague from Delaware
13 County, I also have an MBA. And I remember learning about
14 external costs, but there are actual costs as well. And if
15 you have something, a cost that is placed upon your
16 business for which you have no benefit -- it's not like a
17 new piece of equipment that is going to generate higher
18 efficiency; it's just a cost, let's say the cost of a
19 carbon fee -- what do you do with costs? When you have a
20 new cost in your business, how do you make the payment for
21 that cost? Where does the money come from?

22 MR. SCHROTH: The fallacy is, and when you talk
23 about demand and whether it's elastic or inelastic, the
24 problem is that you assume that just because my costs go up
25 as a businessman that I can pass those costs on to my

1 customers, and that's not necessarily the case. Markets
2 can be so competitive that you can't pass those costs on.
3 And while maybe a higher electric bill isn't what actually
4 causes the business to go out of business, because of that
5 direct impact, it may be the straw that broke the camel's
6 back when added to the other costs that a business might
7 see that it has no control over.

8 So yes, it can have a very devastating impact on
9 a small business, because you can't always just raise your
10 price in order to recover that cost.

11 REPRESENTATIVE SCHEMEL: Thank you. So the cost
12 to a business is then going to be borne out in employees.
13 It's going to be borne by employees who may or may not have
14 jobs, business owners that may or may not have businesses.
15 Those are real costs as compared, once again, to the
16 balance where we look at negligible benefits.

17 Thank you very much for your testimony.

18 MR. SCHROTH: Just to follow up on that, that was
19 the point I was trying to make with the Homer City School
20 District. You're looking at a 10-percent reduction of its
21 teachers, but that also equates to a reduction in their
22 programs, a reduction in the options. We all want rich
23 education for our children, and it's critical if this
24 Commonwealth is really to thrive. I could spend an hour
25 here talking about this, but I won't.

1 But the point is that to lay those teachers off
2 because we don't have the money to pay for them is going to
3 hurt that school district to a point where it will have to
4 make a choice that it doesn't want to.

5 MAJORITY CHAIRMAN METCALFE: Thank you,
6 Representative Schemel.

7 Representative Vitali.

8 MINORITY CHAIRMAN VITALI: Thank you,
9 Mr. Chairman.

10 I'm certainly sympathetic towards the loss of
11 coal jobs and coal-related jobs. And I have seen, as you
12 have over the years with the advent of natural gas, it's
13 enormous supply, it's low price, coal mine after coal mine
14 operator, or coal plant after coal plant closing down.

15 I mean, the reality is that natural gas's rise is
16 killing coal. It is causing coal plants to close down.
17 About 90 percent of the closures are due to natural gas.
18 It just can't compete. And the studies I have shown
19 indicate that coal plants will continue to close regardless
20 of RGGI. They may even be closed, continue to close before
21 RGGI is scheduled to start in 2020. Closing coal plants
22 just seems to be an inevitable economic consequence of
23 market forces at work.

24 My question to you is, Senator Costa recently
25 introduced Senate Bill 15, which would divert perhaps,

1 well, not perhaps, but would divert 35 percent of perhaps
2 \$300 million in revenues from RGGI to support communities
3 such as yours, such as your school district, because they
4 have been transitioned out of employment -- coal
5 communities like yours.

6 So my first question is, would you support a bill
7 like Senate Bill 15 that would use RGGI proceeds to support
8 communities just like yours?

9 MR. SCHROTH: So first of all, Mr. Chairman, I
10 recognize that coal is in a competitive disadvantage at
11 this point. One of the issues, of course, is whether it is
12 allowed to die its natural death, which then gives me as a
13 business the opportunity to change and reconfigure my
14 business, or whether, as I understand it in the RGGI rules,
15 by the end of 2022, which is like 2 years from now, those
16 coal-fired power plants will essentially be regulated out
17 of business. That's not time enough to make, to make those
18 changes.

19 The problem that I have with your suggestion, and
20 I certainly welcome any support that the Legislature and
21 the Governor can do to help those communities that are
22 drastically impacted by these changes that are coming. The
23 problem I have with that is that it is not always -- the
24 money doesn't always go to the right people. It doesn't
25 always have the desired effect that you want it to have.

1 And God forbid that I would mention the word "politics" in
2 this room, but there are political forces, when those
3 dollars become available, that somehow they don't get to
4 the communities that are needed. They wind up in the
5 communities where the political power directs them to be.

6 So I certainly would support any legislation that
7 would help these communities. I'm not familiar with
8 Senate Bill 15 so I can't comment on it specifically, but
9 if you do put together a program like that, you need to be
10 able to help businesses make that transition.

11 And one of the interesting things, I have looked
12 at different State and Federal grants from a number of
13 different perspectives.

14 MINORITY CHAIRMAN VITALI: Mm-hmm.

15 MR. SCHROTH: One of the things that always seems
16 to be in those grant funds are moneys to help with
17 training, is moneys to help with maybe a new website. It's
18 moneys to help with some of these soft costs. I'm a
19 manufacturer, also. Are you going to have money in there,
20 particularly if it's grant money, that's going to help me
21 make the transition, to buy the equipment that I might need
22 to transition into this new product?

23 Let me give you an example. We have started to
24 develop a polyurea barrier coating, and they have done this
25 successfully on the West Coast. We see this as a great

1 environmental advantage, because when you put this polyurea
2 coating on a marine piling, you prevent or drastically
3 reduce the amount of migration you get from the chemical or
4 the preservative out into the environment, okay? I
5 actually had IUP doing a study on this for me as far as its
6 efficacy, okay?

7 MINORITY CHAIRMAN VITALI: But that may be
8 getting a little far afield of my question here.

9 MR. SCHROTH: Well, no, sir. My---

10 MINORITY CHAIRMAN VITALI: But I do want to, I do
11 want to -- you know, I asked the question, and I think you
12 may have answered it a while ago. So to be clear, you do
13 concede coal is on its way out. And I'm just curious as to
14 why this money, transitional money which so many people
15 call for for your communities, is not something you seem to
16 be supportive of. But I'm going to just put that aside for
17 a second, and I just want to correct something that you
18 have said.

19 MAJORITY CHAIRMAN METCALFE: Representative
20 Vitali, your questioning, your whole line is totally
21 inappropriate. To ask a testifier about a bill that they
22 have no idea about, that I didn't know about, because it's
23 one of your pet projects over in the Senate possibly, but
24 to do that, and then to criticize a testifier for not being
25 able to answer your question in an affirmative way that

1 satisfies you is totally inappropriate. So if you could
2 get---

3 MINORITY CHAIRMAN VITALI: He was getting into
4 something like polystyrene and everything---

5 MAJORITY CHAIRMAN METCALFE: Why don't you, why
6 don't you---

7 MINORITY CHAIRMAN VITALI: ---when the question
8 really was---

9 MAJORITY CHAIRMAN METCALFE: Representative
10 Vitali, Representative Vitali, you started the hearing by
11 apologizing for your hollering at one of our previous
12 testifiers at the last hearing. And I appreciated your
13 apology, but let's remember the sentiment that hopefully
14 drove your apology and not go down that wrong path again.
15 So please ask a question of the testifier so we can move
16 on. Thank you.

17 MINORITY CHAIRMAN VITALI: Okay.

18 So I wanted to make the point, at the hearing you
19 testified and referred to in your testimony, and I wanted
20 to make it clear, that Hayley Book presented DEP's estimate
21 that only 10 small business sources may have compliance
22 obligations under RGGI. There also, the point is also that
23 with regard to RGGI, DEP has set aside 9.3 million
24 allowances for waste coal facilities each year to reduce
25 their impact. And Hayley Book also said that because of

1 this \$300 million that can be used in part for these
2 small businesses, small businesses would likely have a
3 minimal or overall positive impact from the RGGI
4 regulation.

5 MR. SCHROTH: I would disagree with that.

6 I would also disagree with the comment that
7 Ms. Book's referral about the 10 businesses, as I recall
8 it, she was referring to the classification of various
9 power generating facilities and that 10 of those would
10 qualify as a small business. That's not the kind of small
11 business impact that I am concerned with or that our
12 community is concerned with. It's all of the other
13 interlocking companies and the impact it will have on them,
14 sir.

15 MINORITY CHAIRMAN VITALI: And you are aware that
16 during the RGGI process, and these regulations have yet to
17 be introduced, cost-benefit analyses need to be studied and
18 input of communities are heard in the public comment
19 process.

20 MR. SCHROTH: Yes, sir. But my point was in my
21 testimony that you need to come to -- if you're going to
22 take it to one of these citizens advisory committees, you
23 need to have your ducks in a line. You need to be able to
24 tell me as a small businessman, these are going to be the
25 impacts before you ask me to vote and move it forward.

1 That was what we're asking.

2 MINORITY CHAIRMAN VITALI: Yeah. Well, the
3 regulatory process is a fairly lengthy 2-year process once
4 it's introduced. There is adequate opportunity for public
5 input and adjustment.

6 MAJORITY CHAIRMAN METCALFE: Representative Dush
7 for our final question, please.

8 REPRESENTATIVE DUSH: Thanks.

9 Walter, thanks for the jobs you are taking care
10 of and supporting in my area of Indiana County and even up
11 into Jefferson County.

12 You know, there was a study done years ago from
13 2000 to 2015 that per capita income dropped 85 bucks, and
14 in my district, it's 1143. You guys in the coalfields are
15 the ones that prevented it from becoming an ultimate
16 disaster.

17 The fact that the department did not have that
18 information to provide to you going into, and looking
19 broadly, because you have several different people that are
20 supplying you. Cliff Forrest with Rosebud has probably a
21 thousand or so suppliers in that chain somehow. The same
22 thing goes for every one of those coal-fired plants.

23 Did they give you any indication as to why they
24 came totally unprepared to that meeting and asked you, or
25 what was their cause or why they hadn't held up that

1 meeting to ask you for that compliance or that agreement
2 beforehand?

3 MR. SCHROTH: No, sir, they did not give us any
4 indication. As I said in the testimony, they had indicated
5 that they were still in discussions with the DCED and they
6 would have those answers for us at a later time. But they
7 did not tell us why, why they didn't have them ready at
8 that point.

9 REPRESENTATIVE DUSH: Well, I'm telling you right
10 now, there are going to be machinists, there are going to
11 be so many other businesses that are impacted by this that
12 supply those industries.

13 MR. SCHROTH: The only thing in this -- it's pure
14 speculation on my part -- is that I believe they are on
15 such a tight timeline to get this done in the prescribed
16 period of time that any delay without meeting, as the
17 Co-Chairman there indicated, you know, this process would
18 actually, you know, slow down that process, even though
19 they weren't ready for it.

20 REPRESENTATIVE DUSH: And you touched on it as
21 well: This is coming down from one person's decision, the
22 Governor, without any consideration for the impacts it's
23 going to have on the daily lives of so many millions of
24 people in Pennsylvania, from the consumers to the people
25 that are involved in the industry.

1 This is not the way this republic was set up. We
2 were meant to have anything that has the force of law
3 compelling you out of business, anything that has that kind
4 of force of law, that is to be brought before the
5 legislative process in a deliberative manner. That has not
6 happened.

7 Thank you.

8 MR. SCHROTH: I understand.

9 Is there anything else, Mr. Chairman?

10 MAJORITY CHAIRMAN METCALFE: Thank you, sir, for
11 joining us today. Thank you for sharing your business
12 expertise with us. We appreciate you sharing it. It was
13 beneficial to myself.

14 I know many others and I were emotionally
15 impacted by your testimony, thinking about all the people
16 that will be ultimately impacted if this would move forward
17 in the fashion that it's designed.

18 MR. SCHROTH: Well, I appreciate the opportunity
19 to have---

20 MAJORITY CHAIRMAN METCALFE: Thank you.

21 MR. SCHROTH: ---spent this morning with you
22 folks. Thank you, sir.

23 MAJORITY CHAIRMAN METCALFE: Have a good day.
24 Drive safe back to Indiana County.

25 MR. SCHROTH: I will do that.

1 MAJORITY CHAIRMAN METCALFE: Our next testifier
2 will be County Commissioner Blair Zimmerman from Greene
3 County. And thank you, Commissioner, for making the trip
4 to Harrisburg today.

5 COMMISSIONER ZIMMERMAN: Thanks to you.

6 MAJORITY CHAIRMAN METCALFE: Especially how
7 things kind of came together late in the week last week for
8 you to join us, so we do appreciate you making time to be
9 here today.

10 COMMISSIONER ZIMMERMAN: You bet.

11 And I recognize that my State Rep, Pam Snyder,
12 isn't here today. I did have some conversation, but I do
13 appreciate what she does for me as Commissioner and here at
14 the State.

15 MAJORITY CHAIRMAN METCALFE: Representative
16 Snyder would have liked to have been here, and I do have a
17 statement that she gave to me that I will give to you after
18 you are done presenting your testimony in a timely manner
19 there. But I know she would have hoped to have been here
20 but had a conflict that was preventing her from being here
21 today.

22 COMMISSIONER ZIMMERMAN: Well, you guys are going
23 to love me because I'm going to be brief. This was put
24 together rather quickly.

25 I am an expert in the coal industry. I worked in

1 it for 41 years. I worked in the process that cleaned the
2 coal after it came out from the mine, so I'm well aware of
3 what happens in the coal process.

4 Again, for you that don't know -- Greene County
5 is in the southwest corner; you should -- but we're the
6 OPEC of the world. We're the OPEC of the United States.
7 We are an energy county. We are gas and coal.

8 And I would like to say we have something else
9 there. We have State prison, thanks to Representative
10 DeWeese back in the day. But, you know, the people that
11 provide us with funding and keep us going is the coal
12 industry.

13 The gas industry is, you know, slowed up right
14 now. Again, I referred to OPEC. You know, they're not
15 getting the money for the gas right now, so the production
16 is way down.

17 But currently, our top 10 taxpayers in Greene
18 County are Consol Energy at almost 251 million; Contura,
19 the company I used to work for, at 144 million; Murray at
20 46; and Triple-A Mining at almost 20 million. Again, those
21 are our big taxpayers and employers. Number 10 on that
22 list is Walmart.

23 So again, I got three children and I have three
24 grandchildren. I put my kids through college. My son
25 works for KPMG. He lives in Washington, DC. My other son

1 works for a university, an admissions director. And my
2 daughter, by choice, has two degrees. She graduated
3 from Penn State and is a stay-at-home mom with her
4 three grandchildren -- my grandchildren. But this would
5 have never happened on a Walmart salary. It can't happen.

6 You know, as a County Commissioner, I know what
7 you know, maybe more, because I'm down in the grass, down
8 in the grassroots of what goes on, and, you know, I see
9 people that need help every day. People can't make it on a
10 Walmart salary and, you know, live the American dream.

11 So again, I'm telling you that the coal industry
12 and the gas industry, again, the gas industry is relatively
13 new. Prior to being Commissioner, I was Mayor of
14 Waynesburg, and yeah, I did have some issues early on, some
15 of the trucks going through town on roads they shouldn't
16 have been. But we worked through that, and again, they
17 made a big change in our region as far as traffic and as
18 far as the environmental stuff.

19 Again, I think back in the day. Our Federal
20 Government years ago looked at the coal industry and said,
21 you know, we've got to be green. We're looking at solar;
22 we're looking at wind. And the money that they spent all
23 went to the other energies, wind and solar. The gas
24 industry was left behind the door.

25 There are a lot of technologies that can help the

1 gas industry. We see that in the power plants. Some are
2 being used. Something that I was aware of in the coal
3 industry, what probably got as much attention as the
4 air pollution was water pollution. And in my time before I
5 left and became Commissioner, they were in the process of
6 coming up with new ideas, which they did, which was reverse
7 osmosis. That water discharge from impoundments -- an
8 impoundment is the refuse after the coal is cleaned and
9 stored in the slurry, the liquid from underground in the
10 mining and the prep plant -- was discharged into streams.
11 Now, it was treated, but it wasn't treated really well.
12 Let's be honest.

13 So they went to reverse osmosis. They worked on
14 that. That added an additional \$4 per ton to coal, but
15 they knew that was the best way to go. And they actually,
16 talking to some of the engineers and experts, had to add
17 bacteria to the water, you know, to be able to discharge,
18 it was that clean. Probably cleaner than, I noticed some
19 folks had some water up there, cleaner than the water they
20 were drinking.

21 But again, the coal industry is so important in
22 my region and I think for this country. Consol Energy,
23 they have around 1800 employees. Cumberland has about 700,
24 and there's a few others, so let's say 2500 more people.
25 So every coal miner, and I know I read some facts from some

1 of the other statements from previous meetings. It said
2 there were about two. But the numbers I got from my former
3 economic development director, and maybe not counting
4 retirees, was about four people for every coal miner. In a
5 county of 36,000, that's over 10,000 people that are
6 employed or affected by the coal industry.

7 So if the coal industry fails, the gas industry
8 fails, who is going to pay for that? Who is going to pay
9 for my county and help us? It should have been looked at
10 maybe 50 years ago, but everybody up here is going to pay
11 for that, because we're not going to exist.

12 We have been working with our neighbors in
13 West Virginia and Morgantown where WVU is, trying to get
14 some industry in our region, but most of our industry is
15 coal related. Machine shops, lumber yards, the service
16 industry, they're going because of the coal industry.

17 I'm a retiree, so I go to the doctor a fair
18 amount, and again, I wanted to touch on a couple of things
19 that were said earlier.

20 As Commissioner, you know, we talked a little
21 bit, someone mentioned nuclear. Well, probably 6 years ago
22 -- I actually took Pam Snyder's place when she stepped up
23 here to the House. I went from Mayor to Commissioner. I
24 had about 12 people from Germany, the Chamber of Commerce,
25 some government folks and stuff like that. Germany at that

1 time, and I know there's other countries, were eliminating
2 nuclear power. And I know it happens in our region, too,
3 close to me in Beaver County. Because of the dangers and
4 fear of that, they were looking at, they came to look at
5 gas and coal.

6 Again, someone else mentioned about, you know,
7 the cost of doing business with, you know, what the effects
8 of the environment is. What about the cost, of picking up
9 the cost of losing a county completely, and that's how I
10 see if the coal and the gas industry, you know, is let go.

11 So again, I said I would be brief. I am, and
12 again, I put this together pretty fast, but I am somewhat
13 of an expert. I have worked in the industry for 41 years.
14 I've lived in Greene County. And did the coal industry,
15 breathing the air in Greene County, affect me? I'm a
16 marathoner, ultra-marathoner. I have climbed mountains.
17 So my grandsons run; my sons run. I am one person, one
18 family, and I'm sure it has affected people, asthma, but,
19 you know, I have not been proven different than what I
20 think, and that's how I feel, so.

21 Thank you very much.

22 MAJORITY CHAIRMAN METCALFE: Thank you,
23 Commissioner.

24 And Representative Pam Snyder, she did send some
25 remarks in for the record that I told her I would be happy

1 to present to you on her behalf and before the Committee
2 with you joining us. And as I said, things kind of came
3 together late in the week to have you join us.

4 COMMISSIONER ZIMMERMAN: Yeah.

5 MAJORITY CHAIRMAN METCALFE: And I know her
6 schedule was in conflict for being able to be here today.

7 She wrote:

8
9 "Thank you, Mr. Chairman, for allowing my
10 comments to be read into the record this morning.

11
12 "As you hear in the words from my friend and
13 Greene County Commissioner Blair Zimmerman, this
14 issue means a lot to us and the people that we
15 represent.

16
17 "Supporting the energy industry and the jobs it
18 creates is imperative for the future of Greene
19 County, and all of southwestern Pennsylvania.
20 This issue transcends party lines for
21 Commissioner Zimmerman and me.

22
23 "A carbon tax would devastate our economy in
24 southwestern Pennsylvania and force thousands of
25 workers to the unemployment lines. Greene County

1 is home to North America's largest underground
2 coal mine, and coal production remains our top
3 industry. If Pennsylvania joins RGGI, coal-fired
4 power plants will close and our people will be
5 left without work. Nearly half of all the coal
6 mined in my district is used for power
7 generation. Commissioner Zimmerman and I cannot
8 stand by and allow our friends and neighbors to
9 lose their livelihoods.

10
11 "For America to truly be energy independent, we
12 need to use our natural resources like coal and
13 gas to power the nation, and our economy.

14 Singling out these industries and these workers
15 with an unfair tax will not solve climate change,
16 but instead crush the livelihoods of thousands of
17 middle-class workers.

18
19 "Though I could not be with you all, I want to
20 thank Commissioner Zimmerman for being here
21 today. As a former coal miner and now county
22 commissioner, he knows the importance of the
23 energy industry to our workers and economy.

24
25 "By working together, we can have a clean

1 environment and protect the livelihoods of
2 thousands of blue-collar workers in southwestern
3 Pennsylvania.

4
5 "Thank you, Mr. Chairman."
6

7 And that was from Representative Pam Snyder, her
8 remarks for the record today.

9 COMMISSIONER ZIMMERMAN: Thank you, Pam.

10 MAJORITY CHAIRMAN METCALFE: And I know she
11 wanted to be here to welcome you herself.

12 So Representative Vitali is next up on the list
13 here.

14 MINORITY CHAIRMAN VITALI: Thank you,
15 Commissioner.

16 About a thousand good nuclear jobs were going to
17 be lost in western Pennsylvania in the Beaver Valley.
18 Two units at Beaver Valley announced their closure. But
19 when Governor Wolf announced his RGGI proposal last
20 October, those two plants, now owned by Energy Harbor,
21 decided to stay because they knew that RGGI would protect
22 1,000 good-paying jobs. That's important to note.

23 With regard to gas jobs, this State has enacted
24 the biggest tax credit in its history, and many people are
25 working in that Shell cracker plant on the Ohio River. And

1 more recently, we introduced another tax credit of up to
2 663 million for petrochemical plants. So we are doing our
3 job with regard to creating jobs in western Pennsylvania
4 and trying to protect jobs in western Pennsylvania, and
5 RGGI is part of that.

6 But you are a 40-year coal man and you have seen
7 time pass, and you know that coal is on the way out
8 primarily because it is being competed, outcompeted by
9 natural gas. And the previous gentleman testified, yes,
10 but we want a couple, you know, we want to squeeze a couple
11 more years out of it so we can get our retirement together
12 and so forth, and I get that. I get that.

13 But my question is this. My question is this.
14 What I am puzzled about is I don't hear elected officials
15 from western Pennsylvania calling for just transition,
16 calling, fighting the fight for State legislation that
17 would help these coal communities and other communities.
18 But we do have legislation, as was previously mentioned,
19 that would provide perhaps \$100 million as part of RGGI to
20 divert RGGI's proceeds to coal communities that have been
21 impacted by their shutdown. And make no mistake, they
22 would be shut down whether RGGI occurred or not.

23 Would you at least consider taking a look at this
24 legislation and consider supporting it for the sake of your
25 communities, so when coal inevitably does stop, you have

1 funds to help your communities.

2 COMMISSIONER ZIMMERMAN: First of all, I'm
3 offended by saying these guys are working for their
4 pension. These guys are passionate about what they do.
5 These guys come in, the gentlemen I work with and the
6 ladies I work with could come in here on any given day and
7 take any one of your jobs. They are intelligent and
8 passionate, and they're not -- yes, everybody, you're
9 working for your pension. People aren't---

10 MINORITY CHAIRMAN VITALI: No; no. To be clear,
11 Mr. Schroth was talking about he and his wife wanted a
12 couple of extra years to get things in order---

13 MAJORITY CHAIRMAN METCALFE: Representative
14 Vitali, Representative Vitali---

15 MINORITY CHAIRMAN VITALI: ---and this was just
16 said an hour ago.

17 COMMISSIONER ZIMMERMAN: As you just said, a few
18 extra years, and, you know, in your position, too. Maybe
19 you'll get voted in again or not.

20 REPRESENTATIVE DUSH: Mr. Chairman, a point of
21 order.

22 MAJORITY CHAIRMAN METCALFE: Representative
23 Vitali, let the testifier finish his comments. You
24 interrupted him, as you did at our last hearing. Just let
25 the testifier finish his remarks to your question.

1 MINORITY CHAIRMAN VITALI: And if I could ask you
2 to maintain order.

3 MAJORITY CHAIRMAN METCALFE: You totally, you
4 totally took out of context what the previous testifier
5 even said. He wasn't even talking about his pension,
6 getting it in line. He said 2 years wasn't enough to
7 transition his business in a marketplace to other products
8 and services. That's what he was making the point of.

9 He's planning on retiring if you and your
10 comrades go through with this RGGI scheme. That's when
11 he's going to retire. And again, he has told his son,
12 that's why he's not retiring now, if you missed his
13 testimony, because you kind of heard what you wanted to
14 hear. But what you have presented to the people sitting
15 here listening is not what the previous testifier even said
16 to base your comments to this testifier on. You're totally
17 inaccurate.

18 MINORITY CHAIRMAN VITALI: No. I think he
19 understood that coal is going out no matter what happened.
20 I think he understood that.

21 COMMISSIONER ZIMMERMAN: If anybody, if anybody
22 knows anything about industry, or the coal industry and the
23 steel industry, we have seen, you know, it's not like a
24 forest. You can't mine coal and then go out and plant
25 coal. Coal is developed over millions or billions of

1 years. So the coal industry will go away at someday. But
2 it is so important, these lights that I'm looking at right
3 now wouldn't be on if the coal industry didn't exist.

4 And like the gentleman, the first speaker, I
5 believe, talked about the solar and wind, it's not
6 available all the time. You need coal, period. Now, I'm
7 not going to say anything else. You need coal to do what's
8 going on here, for me to be able to talk into this
9 microphone, so.

10 MAJORITY CHAIRMAN METCALFE: Thank you.

11 Representative James.

12 REPRESENTATIVE JAMES: Thank you, Mr. Chairman.

13 Mr. Zimmerman, thank you for coming today.

14 Among other things---

15 COMMISSIONER ZIMMERMAN: My pleasure.

16 REPRESENTATIVE JAMES: Pardon me?

17 COMMISSIONER ZIMMERMAN: My pleasure.

18 REPRESENTATIVE JAMES: I hope so.

19 COMMISSIONER ZIMMERMAN: Yeah.

20 REPRESENTATIVE JAMES: Among other things that
21 are green, plants. Plants love green, or excuse me, love
22 CO2, and that's why everything is so green as you drive
23 here and drive home.

24 I, too, have just a brief question. So that
25 every Pennsylvanian who is either watching this or will be

1 reading this or just kind of tunes in later to figure out
2 what we were talking about, could you boil it down
3 specifically to individuals in your county.

4 If we join RGGI and shut all these mines down, we
5 have already established what happens to business, what
6 about tax revenues and what about the services that you
7 currently provide to everybody in your county? What will
8 happen specifically to them?

9 COMMISSIONER ZIMMERMAN: I read the money we give
10 -- we have about a \$20 million budget in Greene County.
11 Again, I read, you know, what the assessment is on the coal
12 industry.

13 REPRESENTATIVE JAMES: Mm-hmm.

14 COMMISSIONER ZIMMERMAN: Our total tax assessment
15 from the coal industry, land and minerals, is
16 \$460 million-plus. The county gets over 3 million, almost
17 \$3 ½ million from coal revenue assessment.

18 School districts, we have five school districts.
19 They get over, the largest -- I mean, the entire county is
20 probably graduating around 250 kids. Some of the school
21 districts are graduating like 30-some children. They are
22 getting \$16,700,000 in tax dollars. It is depleting as the
23 mining goes on and as things change.

24 But I'm telling you, everybody here is going to
25 have to pick up the tab for Greene County if the coal

1 industry and the gas industry goes away, period.

2 I've been around. I was Mayor, now County
3 Commissioner. One time I thought about trying to move up.
4 I'm happy where I'm at, trust me. But again, I love my
5 county. I'm passionate about, you know, my county, the
6 coal industry. And would I have liked to have Amazon or
7 Apple in Greene County happen years ago? Absolutely; more
8 jobs, you know. But we're an energy county. We're energy.
9 You know, again, I said we're OPEC. Check us out. We are
10 the energy capital of Pennsylvania and of the United
11 States.

12 Dennis Davin and Denise Brinley have been to --
13 like I said, I was invited to go down to Houston with them
14 and the Gulf, and at the end of the day, I mean, Houston
15 doesn't want to hear it, but we are the energy capital of
16 this country, and it's important that we remain that, and
17 that's the bottom line.

18 But if we lose those dollars, if we lose those
19 dollars, CYS, human services, the courts -- you know what
20 I'm talking about, all that. You know, we're going to cut
21 all the services. We're down to a minimum, if we can even
22 exist, and that is the bottom line.

23 REPRESENTATIVE JAMES: I do know that---

24 COMMISSIONER ZIMMERMAN: You do. I know.

25 REPRESENTATIVE JAMES: ---and I just wanted you

1 to have a chance to articulate it.

2 COMMISSIONER ZIMMERMAN: Yeah.

3 REPRESENTATIVE JAMES: Thank you very much.

4 COMMISSIONER ZIMMERMAN: Thank you.

5 REPRESENTATIVE JAMES: Thank you, Mr. Chairman.

6 MAJORITY CHAIRMAN METCALFE: Thank you,

7 Representative James.

8 Representative Zimmerman.

9 REPRESENTATIVE ZIMMERMAN: Thank you,

10 Mr. Chairman.

11 And I don't know, we may be cousins? I don't

12 know.

13 COMMISSIONER ZIMMERMAN: Well, Governor Wolf, his

14 cousin was in business with him. His last name is

15 Zimmerman. So the very first time I met him, actually when

16 he was running, I called him "Cuz." And so if I see him,

17 if he comes down to speak, I refer to Governor Wolf as

18 "Cuz."

19 REPRESENTATIVE ZIMMERMAN: There you go. Good;

20 good.

21 Well, just a couple of things.

22 I know, I'm somewhat familiar with Greene County

23 in a former life, and I know that once upon a time there

24 was lots of dairy cows, and many of them have been replaced

25 with beef cattle running all over the hillsides out there,

1 so there have been changes.

2 But I would like to know, in light of having the
3 largest coal mine in the country, I believe, and Greene
4 County has the---

5 COMMISSIONER ZIMMERMAN: The largest deep mine.
6 Yes.

7 REPRESENTATIVE ZIMMERMAN: Right. So in light of
8 that and with RGGI possibly going into place, how many jobs
9 are we actually going to lose just in Greene County?

10 And also, you know, the unions across the State
11 have really come out strongly opposing RGGI, and it seems
12 like the Administration hasn't really been hearing that or
13 at least the unions don't feel they've been heard. So do
14 you have any comments on that?

15 COMMISSIONER ZIMMERMAN: Well, I actually talked
16 to the United Mine Workers in my district. I'm a 41-year
17 member of the United Mine Workers. And just for the
18 record, there's only one dairy farm left in Greene County
19 now.

20 REPRESENTATIVE ZIMMERMAN: I know.

21 COMMISSIONER ZIMMERMAN: And Greene County at one
22 time was the number-one wool producer in the State. So
23 yeah, you're talking directly 2500 to -- I'm not even
24 counting the management. These are, you know, probably,
25 30-some-hundred, take that times four -- 12, 15,000. Like

1 I said, in a county of 36,000 -- we're doing our census now
2 -- probably a little lower than that.

3 REPRESENTATIVE ZIMMERMAN: Uh-huh.

4 COMMISSIONER ZIMMERMAN: Think of what that would
5 do to a city, a small city. But think what that would do
6 to my county.

7 I mean, I'm up here shaking, not because of
8 questions or anything you are saying, but thinking about
9 what it would do to my people. I love Greene County and I
10 love the people of Greene County. I'm a Democrat. So
11 what. I love people. Like, I'm on either side of the
12 fence at any given time. But I have a passion for them,
13 and to take away an industry that keeps my county alive,
14 both industries, it's just unheard of.

15 REPRESENTATIVE ZIMMERMAN: Thank you.

16 Thank you, Mr. Chairman.

17 COMMISSIONER ZIMMERMAN: Thank you.

18 MAJORITY CHAIRMAN METCALFE: Thank you,
19 Representative Zimmerman.

20 Representative Otten.

21 REPRESENTATIVE OTTEN: Thank you, Mr. Chairman,
22 and thank you, Mr. Zimmerman.

23 Your passion for your community is palpable, and
24 I can appreciate that. I feel the same way about mine.
25 And so thank you for that. Your people need you, and

1 they're lucky to have you.

2 COMMISSIONER ZIMMERMAN: Thank you.

3 REPRESENTATIVE OTTEN: And that being said, I can
4 also appreciate the experience of the previous testifier as
5 a small business owner. I was a small business owner on
6 Main Street in the last economic crash, and I remember, and
7 when I'm hearing you speak, I'm thinking of my own personal
8 experience in that I remember sitting with my business
9 partner on a milk crate in the loft of our little boutique
10 and saying, I can see a freight train coming and I don't
11 know how to stop it. And over the next 2 years, we had a
12 devastating experience with the economic crash that
13 happened in 2008. And a lot of those things were out of
14 our control. Internet was changing the way retail
15 operated. Fast fashion was changing the way boutiques did
16 their business, and we had to adapt and change. And
17 thankfully I'm standing here as an example of how you
18 rebuild after things like that.

19 And so I feel an extreme responsibility to ask
20 the question of, we know that this is coming. It could
21 come in 5 years; it could come in 10 years; it could come
22 in 50 years. What are the plans for economic development
23 in these communities as they change?

24 I get it. My dad was a Teamster. His identity
25 was his work, and I appreciate that. I really genuinely

1 do. And, we need to keep these communities whole. We need
2 to keep them healthy, and we need to keep them moving
3 forward into the future.

4 And so as a County Commissioner, a position that
5 focuses a lot on economic development and local
6 communities---

7 COMMISSIONER ZIMMERMAN: Absolutely.

8 REPRESENTATIVE OTTEN: ---what is the plan for
9 reimagining what that community looks like as the market
10 forces inevitably change our energy markets? It's going to
11 happen. We all know this, right?

12 COMMISSIONER ZIMMERMAN: Surely.

13 REPRESENTATIVE OTTEN: So what are the plans?
14 What are the plans? What are we doing, and how can a
15 program like RGGI actually potentially help to create
16 grants for retrofitting and things that might need to
17 happen for our local communities that will be so deeply
18 impacted by this?

19 Because I can tell you, as somebody who has
20 experienced the worst-case scenario, I really wish that, I
21 really wish that it didn't have to be so hard to make that
22 change and make that transition. I really wish that there
23 were people in government who were thinking about the
24 future and preparing the ability for businesses to change
25 and transition.

1 And so I guess as a County Commissioner, I admire
2 the role that you play. You know, working with our County
3 Commissioners in Chester County is one of my favorite
4 things to do, and so I just would like to hear a little bit
5 more about, what does the future look like regardless of
6 whether it's in 5 years, 50 years, 10 years. What is
7 Greene County doing to adapt and change and innovate for
8 your community's future?

9 COMMISSIONER ZIMMERMAN: Ha ha. I have been
10 working on it, probably before being a Commissioner, as a
11 Mayor.

12 Again, you just can't in any length of time
13 replace an industry like the coal industry and the gas
14 industry that is supporting my county. Along with my
15 fellow Commissioners, we're looking at, you know, the
16 housing. Our school taxes are unbelievable in just my
17 community and doing something about that, getting some
18 building, trying to bring some developers, some industry
19 in.

20 I was fairly aggressive when Amazon was looking
21 for places, you know, around the country. We had some
22 property that I thought would be close to interstates and
23 stuff. So everything that I can do, I'm trying to do.

24 Again, I'm not naïve; I know eventually. But
25 it's what's keeping us alive now, and until, you know,

1 something better comes along--- And then even that, these
2 people are my friends and family.

3 REPRESENTATIVE OTTEN: Mm-hmm.

4 COMMISSIONER ZIMMERMAN: And those kinds of jobs
5 are the kind of jobs that put their children through
6 college. They are living the American dream. They have a
7 nice home, maybe two cars, and you don't do that at
8 Walmart.

9 So as Commissioners, we are absolutely looking at
10 different industries. Some are energy related. And
11 Morgantown, WVU, right below us, is growing by leaps and
12 bounds, and their housing market is full. So we have been
13 working across the border with the County Commissioners in
14 Mon County, Monongalia County, to see what we can do to
15 help each other out.

16 So yeah, that's a daily thing, and my job is
17 trying to better my region and my area.

18 REPRESENTATIVE OTTEN: Thank you.

19 COMMISSIONER ZIMMERMAN: And again, I was at a
20 conference a few years ago in DC, a NACo conference, the
21 national organization of county commissioners, and I was
22 talking to a Commissioner who was a former president of a
23 bank. And I don't want to get in the same situation that
24 he did. Because Harlan County, you know, Kentucky,
25 everybody knows Harlan County coal mines, maybe moonshine

1 and whatever down there. But for economic development,
2 they lost their mines, and he was saying, we're really
3 trying to get a zip line in. And I did the deer in
4 headlights. I said, you're kidding; you just lost umpteen
5 mines that have closed, and you're looking for---

6 You know, we can't go with a zip line. We have
7 to find, at some point in time, new industry. But some of
8 it, like I said, isn't moving away from the energy market;
9 it is trying to advance some opportunities with the energy
10 market.

11 REPRESENTATIVE OTTEN: And I think, you know,
12 Pennsylvania has a history of boom and bust, right? And we
13 have the opportunity right here today, now, to not get
14 caught up in things like RGGI but to be looking at our
15 future and what does that mean and how do we plan and how
16 do we use tools like RGGI to implement those future plans.

17 And I just, thank you for your testimony. Thank
18 you for the passion you bring to your community. I look
19 forward to the opportunity to working with County
20 Commissioners to be able to think about what the future
21 looks like.

22 I don't know if you have seen the Reimagine
23 Appalachia plan, but it's incredible, and I think there's
24 some really great ideas out there. And I would love to
25 stop arguing about these nitty-gritty things and start

1 talking about, how do we innovate, how do we move forward,
2 how do we build a robust and vibrant community for the
3 people of your county and also our future generations.

4 MAJORITY CHAIRMAN METCALFE: Thank you. Thank
5 you, Representative Otten, for your testimony.

6 Representative Dush for the final question,
7 please.

8 REPRESENTATIVE DUSH: Yes, and thank you,
9 Chairman.

10 As a Commissioner, you deal with every one of
11 these businesses as a community member. You deal with the
12 environmental impacts. You deal with how they are as
13 employers. How are they as neighbors, and what will be the
14 impact to you in your position if this is forced through
15 RGGI to happen in 2 years instead of just letting it go --
16 and it's by one person's dictate -- instead of allowing
17 things to take their natural course?

18 COMMISSIONER ZIMMERMAN: Again, you're asking me
19 questions that as you asked it, my stomach is churning.

20 I will fight it to my last breath, and I do mean
21 that, because I am that passionate about what goes on in my
22 county and the people that work there and live there, the
23 businesses.

24 You know, let's talk about the businesses outside
25 that, the machine shops. I'm engaged, going to get married

1 next month, and my future son-in-law, who has survived and
2 had a bone marrow transplant, had to lay off all his people
3 and did a lot of his work in the gas industry, you know,
4 struggling to stay alive and struggling to keep his
5 business alive. And I'm using him for an example, but
6 there are tons of people out there that rely on the coal
7 and the gas. And again, it's hard to talk about it. It
8 really is.

9 We have to -- you know, I understand that at some
10 point in time, there's going to be change, and we all know
11 that. I mean, we're naïve if we believe different. But
12 for now, you know, living in the time I live in and the
13 energy that we need to keep going, I will fight for the
14 coal and the gas industry forever.

15 Thank you.

16 REPRESENTATIVE DUSH: And they're good neighbors,
17 in other words.

18 COMMISSIONER ZIMMERMAN: Yes.

19 REPRESENTATIVE DUSH: And, Mr. Chairman, I want
20 to bring up one point.

21 What I heard from the Minority Chairman was
22 disgusting with his complete mischaracterization of
23 Walter's testimony. That man was talking about preserving
24 a business that was employing others and had the net effect
25 of employing people in other industries, preserving that

1 business to pass it on to his son so that those, not only
2 his son, but also those employees of those other industries
3 would have something to live on. And for him to use that
4 phrase, "padding his pension"? That is disgusting, totally
5 disgusting, and it was totally off base because it was
6 totally out of context.

7 MAJORITY CHAIRMAN METCALFE: Thank you,
8 Representative Dush, for correcting the record.

9 REPRESENTATIVE DUSH: Thank you.

10 MAJORITY CHAIRMAN METCALFE: Thank you, sir, for
11 making the trip to Harrisburg on short notice last week.
12 We appreciate you being here.

13 COMMISSIONER ZIMMERMAN: Thank you. And I hope,
14 if anything, you heard the numbers that I mentioned about
15 how important they are to my county. Those dollars are
16 absolutely---

17 MAJORITY CHAIRMAN METCALFE: We did. We did,
18 definitely. I appreciate you listing those top employers
19 in your county, because it was good information for us to
20 hear, good information for our colleagues to hear who will
21 be weighing in on this in the future as we continue the
22 debate.

23 So thank you for being here and sharing your
24 expertise today, and have a safe journey back to Greene
25 County.

1 COMMISSIONER ZIMMERMAN: Okay. Thank you very
2 much.

3 MAJORITY CHAIRMAN METCALFE: I did a little
4 door-knocking in Greene County years ago and enjoyed
5 meeting with the people down there when I was down. A
6 beautiful, beautiful area of the State.

7 COMMISSIONER ZIMMERMAN: It is. Good people,
8 too.

9 MAJORITY CHAIRMAN METCALFE: They are. Thank
10 you, sir.

11 Our next testifier, our last testifier, is
12 Mr. Vince Brisini, and he is the Director of Environmental
13 Affairs with Olympus Power, LLC.

14 Thank you, sir, for joining us. Good to see you
15 again.

16 MR. BRISINI: Thank you. It's good to see you.

17 MAJORITY CHAIRMAN METCALFE: You can begin when
18 you're ready, sir.

19 MR. BRISINI: Okay.

20 Good morning, Chairman Metcalfe and Committee
21 Members. My name is Vince Brisini. I'm the Director of
22 Environmental Affairs for Olympus Power. I appreciate the
23 opportunity to provide testimony today regarding
24 Pennsylvania's participation in RGGI.

25 Based upon my analyses of the ICF modeling

1 performed for Pennsylvania DEP, it is clear to me that
2 Pennsylvania's participation in RGGI won't produce carbon
3 dioxide or other pollutant reductions that provide
4 meaningful impact on local, regional, or global climate
5 change, ambient air quality, or provide the monetized
6 health benefits that have been claimed.

7 I have previously testified before this Committee
8 regarding Pennsylvania's participation in RGGI, so for this
9 testimony, I will focus upon the new scenario identified as
10 the "Policy Case with Revenue Recycling aka RGGI +
11 Investment." Remember, RGGI history shows us that RGGI
12 participation typically results in less in-State electric
13 generation and the purchase of more electricity from
14 non-RGGI areas.

15 The impact upon conventional generation,
16 regardless of the expenditure on renewable generation,
17 remains remarkably consistent between policy cases. That
18 means that in the ICF modeling, the renewable generation
19 under the "Policy Case with Revenue Recycling" will replace
20 electric generation from some other PJM States rather than
21 replacing Pennsylvania conventional generation. Because of
22 the additional cost of the RGGI allowance price adder, this
23 is predicting that higher cost electricity will be used
24 rather than lower cost electricity. That simply doesn't
25 make sense.

1 I compared the annual net generation predictions
2 for both the Reference Case and the "Policy Case with
3 Revenue Recycling" to the 2018 Pennsylvania net
4 generation. The total summed difference in net generation
5 for the Reference Case years, 2022 through 2030, is
6 189.6 million megawatt-hours greater than the 2018 net
7 generation level. Clearly, the Reference Case net
8 generation has been overstated in the modeling. Remember
9 that in 2018, Pennsylvania was the number-one electricity
10 exporter in the U.S., and 2018 was the largest year of
11 generation in PJM.

12 I also looked at the Reference Case and the
13 "Policy Case with Revenue Recycling" PJM net generation.
14 Contrary to the ICF modeling, PJM system demand should be
15 the same for all scenarios and the modeling should predict
16 which sources in the various States in PJM will serve that
17 demand.

18 In both cases, the combined increase in net
19 generation in Pennsylvania, Virginia, Delaware, Maryland,
20 and New Jersey is greater than the overall net generation
21 increase in PJM. That means that the aggregate increase in
22 net generation in Pennsylvania, Virginia, Delaware,
23 Maryland, and New Jersey is reducing the generation in
24 non-RGGI PJM States. This doesn't make sense, because RGGI
25 participation increases the price of conventional

1 generation, and it has typically reduced generation in
2 States after they begin participating in RGGI.

3 Realizing that the Reference Case net generation
4 is over-predicted, I calculated a Reference Case carbon
5 dioxide emission factor to reflect the Reference Case
6 generation mix and then calculated the Reference Case
7 carbon dioxide emissions using the more realistic net
8 generation of the "Policy Case with Revenue Recycling." I
9 then calculated the missing years' values and compared the
10 adjusted Reference Case emissions to the aggregated "Policy
11 Case with Revenue Recycling" carbon dioxide emissions for
12 2022 through 2030, the real RGGI affected years.

13 I calculated that the adjusted Reference Case
14 would result in aggregated carbon dioxide emissions of
15 about 92 million tons rather than the Pennsylvania DEP's
16 calculated 188 million tons. Consequently, the emissions
17 reductions and the corresponding monetized benefits are
18 less than half of the inflated monetized benefits claimed
19 by Pennsylvania DEP, regardless of the methodology used to
20 calculate those benefits.

21 The second issue of concern regarding the
22 calculated benefits are the methodologies used to monetize
23 the emissions reductions attributed to Pennsylvania's
24 participation in RGGI. Pennsylvania DEP used the benefit
25 per ton and incidence per ton methodology.

1 I researched EPA data analyses for benefit per
2 ton and incidence per ton. On this slide are some of the
3 excerpts for the "Limitations" section describing the use
4 of the benefits per ton methodology.

5 Most importantly, EPA tells us that the benefit
6 per ton method is a "screening level assessment." A
7 screening level assessment is a very conservative
8 assessment used to determine if a more rigorous assessment
9 is appropriate and necessary to determine actual effect and
10 impacts. A screening level assessment does not calculate
11 accurate total monetized benefits nor the monetized
12 benefits for any particular area.

13 Regardless of the location, regardless of the
14 population, regardless of the exposure, regardless of the
15 current health of the population, the benefit per ton
16 methodology will calculate the same monetized benefit.

17 What EPA has also identified is that they assign
18 the same mortality rate to all fine particulate matter
19 regardless of composition. But they also identify that
20 fine particulate matter precursors from electric generating
21 units may differ significantly from fine particulate matter
22 emitted directly from diesel engines. And while they are
23 indeed dramatically different and there has been
24 considerable research on this matter, EPA says they don't
25 have enough information at this time to differentiate.

1 And they assign these monetized benefits to all
2 areas regardless of whether or not they are meeting the
3 National Ambient Air Quality Standards. Importantly, those
4 air quality standards are established to protect all
5 populations with an adequate margin of safety.

6 So I looked at the EPA's Technical Support
7 Document, which was updated in 2018, to using benefit per
8 ton and incidence per ton methodologies. What I found was,
9 after 7 years, EPA still doesn't consider the chemical
10 composition of fine particulate matter and still assigns a
11 monetized value down to a concentration of zero in some
12 cases, even though the National Ambient Air Quality
13 Standards have been established to provide an adequate
14 margin of safety for all.

15 In the "Limitations and Uncertainties" section,
16 EPA again in 2018 let us know they are applying the same
17 benefit to all areas regardless of human conditions and
18 ambient concentrations.

19 My question is, if EPA intends to apply this
20 benefit per ton method to estimate monetized benefits to
21 justify the actions and allow others, like the Pennsylvania
22 DEP, to use it for the same purpose, then why hasn't EPA
23 addressed the uncertainties that are identified in both the
24 2011 and 2018 documents? If they don't, it's obvious that
25 overestimations of monetized benefits, like Pennsylvania's

1 participation in RGGI, will continue.

2 Alternatively, if there is a recognition that the
3 methods used by Pennsylvania DEP are screening level
4 efforts, why hasn't Pennsylvania DEP completed the area
5 specific modeling and analyses that would allow the "real"
6 monetized benefits to be calculated and represented as
7 opposed to using the screening level results that are
8 admittedly extremely conservative and calculate a grossly
9 inflated monetized benefit for emissions reductions?

10 As you can see on this slide, Pennsylvania
11 electric generating units in 2019 were already at a
12 94-percent reduction of sulfur dioxide and an 85-percent
13 reduction of nitrogen oxides from 2002 emissions.

14 On July 22, 2020, the Pennsylvania DEP provided a
15 presentation to the Small Business Compliance Advisory
16 Committee regarding the state of measured air quality in
17 Pennsylvania. In this presentation, they showed the
18 measured "design values" for the various monitoring sites.
19 A design value is established using data collected over a
20 3-year period. So 2019 design values are developed using
21 monitoring data for 2017, 2018, and 2019.

22 What Pennsylvania DEP showed was that all
23 monitors in Pennsylvania, except for four monitors in the
24 Philadelphia area, which are primarily affected by mobile
25 source emissions, have 2019 design values that show

1 attainment of the 2015 Ozone National Ambient Air Quality
2 Standard. Reductions from electric generating units won't
3 result in Philadelphia monitors achieving attainment. So
4 the question is, are there any RGGI participation benefits
5 relative to ozone?

6 Every monitor in Pennsylvania, except one near
7 Pittsburgh, which I have been told is impacted by a local
8 industrial source, is demonstrating attainment of the
9 Annual Fine Particulate Matter National Ambient Air Quality
10 Standard. Reductions from electric generating units will
11 not bring that monitor into attainment of the National
12 Ambient Air Quality Standard.

13 Here you can see that every monitor in the
14 Commonwealth is already measuring attainment of the 24-Hour
15 Fine Particulate Matter National Ambient Air Quality
16 Standard.

17 Every monitor in Pennsylvania, except one near
18 Pittsburgh, which I have been told is impacted by a local
19 industrial source, is demonstrating attainment of the
20 2010 Sulfur Dioxide National Ambient Air Quality Standard.
21 Reductions from electric generating units will not bring
22 that monitor into attainment with the National Ambient Air
23 Quality Standards.

24 My conclusion is that the ICF/Pennsylvania DEP
25 quantitative modeling of Pennsylvania RGGI is flawed, and

1 the following demonstrate those flaws:

2 The estimated level of net generation under the
3 Reference Case is unreasonably high for Pennsylvania. As
4 an aggregate, it's almost 190 million megawatt-hours
5 greater than the aggregated 2018 net generation when
6 Pennsylvania was the number-one exporter in the U.S., and
7 that it was the highest year during which PJM emissions
8 occurred.

9 By simply adjusting the Pennsylvania net
10 generation to reflect more realistic levels and considering
11 just the 2022 through 2030 period, the "real" RGGI affected
12 period, the Pennsylvania DEP monetized benefits are reduced
13 by more than 50 percent.

14 The increase in net generation in Pennsylvania,
15 Virginia, Delaware, Maryland, and New Jersey in 2022 as
16 compared to 2020 is greater than the overall increase in
17 PJM net generation in both the Reference Case and the RGGI
18 + Investment Case. This situation means the model is
19 predicting that non-RGGI PJM States are generating less in
20 both cases. That's highly unlikely, considering the RGGI
21 allowance price adder applied to all conventional
22 generation.

23 Remember, history has shown us RGGI participating
24 States generally generate less electricity after joining
25 RGGI. And Massachusetts and New York are both increasing,

1 building transmission lines to bring even more Canadian
2 hydroelectric power to New York City and into New England.

3 ICF's Integrated Planning Model appears to change
4 the total net generation in PJM by scenario, when the total
5 net generation in PJM should be the same regardless of
6 scenario, and the subsequent State-by-State net generation
7 should be estimated to satisfy the electricity demand based
8 upon energy costs and transmission and distribution
9 constraints.

10 Further, the estimations of monetized health
11 benefits are grossly overstated by the ICF/Pennsylvania DEP
12 modeling and the benefit per ton methodology:

13 The Reference Case overstates Pennsylvania
14 emissions, which inflates the represented reductions
15 achieved by Pennsylvania RGGI participation, which then
16 inflates the monetized benefits.

17 The monetized health benefits are estimated using
18 a methodology that EPA has identified as a "screening tool"
19 with considerable limitations. I am unaware of any refined
20 analyses by Pennsylvania DEP to substantiate their
21 representation of monetized benefits.

22 The modeling and calculated monetized benefits
23 don't take into consideration important inputs, including
24 particulate matter speciation, population densities, and
25 the current local ambient air quality, including whether

1 areas are measuring attainment of the various National
2 Ambient Air Quality Standards.

3 In the event the lost Pennsylvania electric
4 generation is replaced by conventional generation in
5 non-RGGI PJM States, then little or no regional monetized
6 benefits will be achieved.

7 Thank you for the opportunity to provide
8 testimony today. I would be happy to go into this topic in
9 more detail at a future time.

10 MAJORITY CHAIRMAN METCALFE: Thank you, sir.

11 Our first question is from Representative Sankey.

12 REPRESENTATIVE SANKEY: Thanks again, Vince, for
13 coming.

14 Briefly, and I can let you elaborate as much as
15 you want. I'm going to do a two-part question and let you
16 go with it.

17 In your opinion, has DEP fully considered the
18 impacts of Pennsylvania's participation in RGGI on
19 Pennsylvania's current power generation, do you think? And
20 the second part of that is, how will the shift of
21 electricity production from Pennsylvania to clearly
22 neighboring States of Ohio and West Virginia, we'll say,
23 what kind of impact is that going to have on the
24 Commonwealth?

25 MR. BRISINI: Well, as far as the estimation on

1 generation, they ran the Integrated Planning Model. ICF
2 ran it for DEP. But I don't think the Integrated Planning
3 Model at this point accurately reflects in any of the
4 cases, frankly, what the impact on generation is going to
5 be.

6 In the Reference Case, which is the current case
7 -- no RGGI -- they have Pennsylvania generation in 2022
8 increasing to over 245 million megawatt-hours. In 2018,
9 Pennsylvania generated around 215 million megawatt-hours.
10 In 2018, PJM, if you look at the one slide, they had the
11 highest level of generation they had. In 2019, it dropped.
12 It's predicted to drop again in 2020 by 3 percent, recover
13 slightly in 2021, and then be flat or decrease out into the
14 future.

15 If you look at all of the cases, they show
16 considerable growth in the PJM generation. My opinion is
17 that you're not going to see that growth in generation. It
18 looks as though they almost forced PJM generation increases
19 to fit Pennsylvania higher generation into that, both in
20 the Reference Case and in the Policy Case.

21 I don't believe that we're going to generate
22 217 million or 207 million megawatt-hours under the policy
23 cases with RGGI. I believe we'll generate substantially
24 less, because what we have always seen when we look at RGGI
25 is once you participate in RGGI, you generate less in-State

1 electricity.

2 Now, New Jersey is an interesting case, and if
3 you look at New Jersey in that 2018 slide, what happened
4 was, New Jersey was initially a RGGI State. At that
5 point in time, they were importing in 2008 over 20 percent
6 of their power. They reached a point, they dropped out
7 of RGGI, and people started to build natural gas in
8 New Jersey. Now -- they actually, before Oyster Creek
9 retired, they were a single-digit exporter of electric
10 power. Now they're a very slight importer of power with
11 the retirement of Oyster Creek, but their actions indicate
12 to me that they have a fear of creating what is called a
13 stranded investment situation with joining RGGI. I think
14 their actions and their explorations of dropping out of PJM
15 are really actions where they are exploring, how do I
16 protect the natural gas-fired generation that has been
17 built in New Jersey? So there is that.

18 Now, if you go on to look further, I think what's
19 going to happen is that Pennsylvania will continue to be an
20 exporter. I don't think it's going to generate nearly at
21 the level that we are going to. I think we're -- my
22 opinion is we are going to lose minimum 50 percent of our
23 exported power. That is probably 30-some thousand less
24 than we generated in 2018. So I think we're probably going
25 to be generating somewhere in the 185 million

1 megawatt-hour.

2 Because what folks aren't taking into account,
3 they look at people who have said, oh, natural gas, that's
4 a \$2 adder. That is kind of the case for a natural gas
5 combined cycle. That is not the case for older combined
6 cycles. It's not the case for coal that has been switched
7 to natural gas. It's not the case for combustion turbines.

8 And if you look at my testimony, I added, I
9 provided my RGGI price adder. The price adder is what the
10 price has to increase on a net megawatt hour to allow that
11 cost to be recovered. So you have a considerable amount
12 of natural gas that is already at \$3.50 to \$5 per net
13 megawatt-hour, and I think we're going to lose at least
14 50 percent of that generation.

15 MAJORITY CHAIRMAN METCALFE: Thank you.

16 Thank you, Representative Sankey.

17 Representative Schemel.

18 REPRESENTATIVE SCHEMEL: Thank you, Mr. Brisini,
19 for your testimony.

20 So this morning we have heard from two
21 scientists, a businessman, and a county commissioner. You
22 work for the industry itself, so I'll ask you specific
23 questions in regard to that.

24 Of the States which currently participate in
25 RGGI, do any of them come anywhere close to the amount of

1 energy production that Pennsylvania has?

2 MR. BRISINI: No.

3 REPRESENTATIVE SCHEMEL: So as a Member of this
4 Committee, I have received a fair amount of lobbying
5 advocacy for RGGI, interestingly from your, I guess, sister
6 and brother electric generation companies in Ohio and
7 West Virginia. Why would Ohio and West Virginia energy
8 companies be asking me to vote to allow Pennsylvania to
9 enter RGGI?

10 MR. BRISINI: Well, the slides that I provided
11 in previous testimony show that. You have a number of
12 natural gas combined cycles being built in New Jersey.
13 With House Bill 6, they were going to walk away from them.
14 They are permitted. Some are now under construction. And
15 if Pennsylvania joins RGGI, that is the signal to finish
16 construction of those power plants.

17 If you look at the maps I provided previously,
18 you can see they are right along the eastern edge of Ohio,
19 and they'll just make up the coal-fired generation lost in
20 western Pennsylvania. Their transmission and distribution
21 is in place. It's perfect.

22 In other words, what we do is they will then
23 provide a considerable amount of the generation to States
24 like Maryland and Delaware that won't, that they don't make
25 their own power, and they continue to decrease the amount

1 of in-State generation that they create.

2 REPRESENTATIVE SCHEMEL: So for an overall view
3 of emissions, we're really just offsetting our production
4 emissions to other States, which leads into the final
5 question.

6 So RGGI, the money that would be presumed to be
7 generated under RGGI that would then go in to reinvest in
8 communities like Greene County to dream up new industries
9 for them is generated under the presumption that
10 Pennsylvania will continue to generate as much energy as it
11 does now and some of the industries will just pay to emit
12 the amount of CO2 that they do. But under your
13 calculations and based upon, you know, the assertions, I
14 guess, of our sister States that are not going to join
15 RGGI, we wouldn't be generating that additional
16 electricity, those industries would not be paying into
17 RGGI, and that money would not be there to reinvest in
18 counties like Greene. Is that correct?

19 MR. BRISINI: Well, there's two issues there.

20 Number one, I do not believe there will be
21 \$300 million per year due to RGGI participation. I have
22 testified in several venues, and in all cases, I believe it
23 will be something closer to 175 to 200 million tops, and
24 then possibly decreasing as time moves out.

25 Because what happens, when you put RGGI in place,

1 what you do is you have a very quick and easy way to
2 eliminate your natural gas-fired generation as well. And
3 they have done this in RGGI. When the price of an
4 allowance gets too low to achieve the desired outcomes,
5 they decrease the budget and drive the price of allowances
6 up. And that's what will happen with people. Once they
7 get some money, they're going to want to drive up the price
8 of the allowance to keep getting the amount of money they
9 get, and I kind of look at that as the same situation as
10 Allegheny County and why is their Southpointe in Washington
11 County? They got to get driven to another place. That's
12 the whole point of leakage and why generation will move
13 outside of a RGGI-participating State.

14 The second issue, though, and this is really
15 important, and this goes to Representative Vitali's point,
16 that they want to have legislation to allow the RGGI
17 revenues to be used in a variety of fashions.

18 Right now, the RGGI revenues have one place to
19 go, and that's into the Clean Air Fund. The Clean Air Fund
20 under the Air Pollution Control Act has very limited uses,
21 and providing training, providing support to bills,
22 providing support to communities, that's not one of them.
23 It's very specific.

24 In fact, I think there's a stretch that you make.
25 They talked about three-pronged energy efficiency,

1 investment in renewables, and another one, but
2 fundamentally, it needs to be emissions reduction. So the
3 stretch you have to make is that money you would spend on
4 energy efficiency constitutes an emissions reduction. I
5 don't know if that's the case, but that's really part of
6 the issue.

7 My response to that is really, if you want
8 legislation to identify these multiple means by which you
9 spend the RGGI revenue, I think the question needs to be
10 asked, why wouldn't you want to have legislation regarding
11 whether or not Pennsylvania should even participate in
12 RGGI? I think that's a logical extension of that.

13 MAJORITY CHAIRMAN METCALFE: That's a great
14 segue, because Representative Vitali has the next question.

15 MR. BRISINI: Okay.

16 MINORITY CHAIRMAN VITALI: Thank you,
17 Mr. Chairman.

18 Just a couple of points I want to make and get at
19 your assertion that RGGI is not going to reduce CO2.

20 First of all, RGGI has been around since about
21 2009, and there's 10 States in it, and it just seems that
22 most, if not all of the States, are satisfied with the
23 progress they are making. There was a recent study by the
24 Analysis Group that cited 100 tons of CO2 reduction in
25 those 10 RGGI States since its inception.

1 As you mentioned, the DEP modeling has
2 188 million tons of CO2 reduction from 2022 to 2030. And
3 it just seems logical that this would happen if you have a
4 basic understanding of it, the cap-and-trade system,
5 because you have a cap of CO2 tonnage which decreases
6 gradually over time.

7 But I think to reemphasize that point, I mean,
8 the way RGGI works conceptually is, it will dampen coal,
9 and I know you are paid for by a company that burns coal,
10 so I understand where you're coming from.

11 MR. BRISINI: I also personally own wind. My
12 company owns wind.

13 MINORITY CHAIRMAN VITALI: Right.

14 MR. BRISINI: And we own biomass.

15 MINORITY CHAIRMAN VITALI: I understand. I'm
16 asking a question. Please. Please let me finish.

17 MR. BRISINI: Well, I just wanted to clarify, I
18 just wanted to clarify---

19 MINORITY CHAIRMAN VITALI: So Olympus Power, your
20 employer -- please. It's my turn. You talked for a long
21 time. It's my turn, okay?

22 Olympus Power has power plants that are fired by
23 both waste coal and conventional coal, and you are paid by
24 them to be here today. So I think that's important to get
25 on the record. But the point is, in the previous testimony

1 you indicated that the closing of coal plants in
2 Pennsylvania has resulted in CO2 reduction.

3 Now, the way RGGI works, the modeling of RGGI is
4 that when implemented, it will reduce coal production, it
5 will maintain nuclear, and natural gas will also increase.
6 So it just seems to me that under this scenario where you
7 have nuclear not being replaced by natural gas, natural gas
8 being a fossil fuel, coal being lessened, which you
9 indicated will result in a reduction, so if you have these
10 factors at work -- coal being reduced, which causes CO2;
11 nuclear being maintained, which causes CO2-free power --
12 why wouldn't CO2 be reduced, especially in light of the
13 experience of the RGGI States and the modeling by the DEP?

14 MR. BRISINI: Well, number one, the RGGI States
15 are importing more and more power. They're buying Canadian
16 hydro. So they're not meeting their own energy needs or
17 the energy needs of others.

18 A slight exception. There's actually some gas
19 generation and some gas generation in Connecticut and
20 Rhode Island, but they're very, very small.

21 Now, when you say retirements, there is also
22 reduced operations. If you look at the level that the
23 plants are operating, they are operating at less load, but
24 my point being is, I looked at the Policy Case scenario. I
25 looked at what Pennsylvania DEP presented. I don't agree

1 with what was presented, but using their own information, I
2 can show that they don't achieve what they claim. I think
3 they'll achieve something different. They're basically
4 going to put a lot more people out of work than coal
5 plants. I think people are going to operate their gas
6 plants a lot less. Some of them may get to the point where
7 they have to retire. Now they have much lower overhead
8 costs with manpower.

9 But I do want to correct something. You called
10 RGGI a cap-and-trade. It's not a cap-and-trade. It's a
11 cap-and-buy. It's not a trade.

12 MINORITY CHAIRMAN VITALI: Okay.

13 MR. BRISINI: Nobody is buying and nobody is
14 trading. Somebody put out a budget---

15 MINORITY CHAIRMAN VITALI: Yeah.

16 MR. BRISINI: ---and people go and buy from it.
17 It's not a cap-and-trade where you could over-control.

18 MINORITY CHAIRMAN VITALI: Okay.

19 MR. BRISINI: You don't have a control system
20 that you can go and put on a plant and over-control one
21 plant and basically balance to meet the budget over
22 multiple plants. So either you reduce operations---

23 MINORITY CHAIRMAN VITALI: Okay; okay. A couple
24 -- okay.

25 MR. BRISINI: You either reduce operations or you

1 shut the place down.

2 MINORITY CHAIRMAN VITALI: If RGGI was such a
3 failure, why hasn't it dissolved long ago?

4 And on the jobs issue, you'll agree that Beaver
5 Valley, the two units at Beaver Valley would have shut
6 down, costing 1,000 jobs, 1,000 good, solid nuclear jobs,
7 but for Wolf's announcement with regard to proposing RGGI.
8 Isn't that right?

9 MR. BRISINI: No. I disagree with that entirely.
10 I think the money---

11 MINORITY CHAIRMAN VITALI: I'll show you the
12 press release.

13 MR. BRISINI: I understand your press release,
14 but the reality is, the hospitals---

15 MINORITY CHAIRMAN VITALI: Not my press release.

16 MR. BRISINI: I know.

17 MINORITY CHAIRMAN VITALI: Energy Home's press
18 release.

19 MR. BRISINI: I know. I fully understand. But
20 I'll tell you what, I think it was House Bill 6, because
21 House Bill 6 did not just allow the Ohio nuclear plants to
22 survive. I also have a press release that says
23 House Bill 6 allowed them to maintain Sammis Plant. And
24 you know what? They just did outages at Pleasant. Those
25 coal plants are sitting now ready to generate and make up

1 for us.

2 MINORITY CHAIRMAN VITALI: And Exelon is also a
3 supporter.

4 MR. BRISINI: So I understand, I understand what
5 you're saying.

6 MINORITY CHAIRMAN VITALI: Exelon also will make
7 that same job argument. I've spoken to the
8 representatives, and I'm sure you're aware of that.

9 MR. BRISINI: I understand. I don't think that
10 RGGI has anything to do, because I don't believe RGGI is
11 going to dramatically increase the price of electricity in
12 PJM. Because non-RGGI PJM States will not take on the
13 adder, and they will produce the electricity at costs that
14 are very slightly increased compared to what we have been
15 making them in the past.

16 MINORITY CHAIRMAN VITALI: Okay.

17 MR. BRISINI: And I don't think Pennsylvania is
18 going to do the generation, and I don't think there's going
19 to be \$300 million. I think there's going to be \$175 to
20 \$200 million for a while.

21 MINORITY CHAIRMAN VITALI: That's nice money to
22 help counties like Greene.

23 MR. BRISINI: That's, that's not very much money
24 when you talk about the number of jobs that will be lost.
25 And I'm not talking just about coal jobs. I'm talking

1 about jobs in the natural gas industry as well. Because
2 the bottom line that's going to happen is that all you have
3 to do when you decide you want to get rid of gas, when you
4 have RGGI in place, is decrease the budget and force up the
5 price.

6 MAJORITY CHAIRMAN METCALFE: Representative Dush.

7 REPRESENTATIVE DUSH: Thank you, Chairman.

8 MAJORITY CHAIRMAN METCALFE: For the final
9 question.

10 REPRESENTATIVE DUSH: Thank you, Chairman.

11 Mr. Brisini, is it your understanding that the
12 generators only have to purchase carbon credits for the
13 power plants that would net out the load in Pennsylvania,
14 or would it cover all the load generation no matter where
15 it went?

16 MR. BRISINI: Yeah.

17 REPRESENTATIVE DUSH: In other words, what I'm
18 saying, will Olympus Power be forced to purchase credits
19 for electricity that is actually consumed in other States?

20 MR. BRISINI: No. You will buy allowances to
21 cover your operations in the States that are participating
22 in RGGI. So you will buy those, and you bid into PJM. The
23 lower priced energy and who operates is based on locality.
24 In other words, are there transmission and distribution
25 constraints that mean a higher priced generation will

1 provide power to a certain area or are you simply out
2 moving power around? And so it comes and it moves through,
3 and energy prices and transmission and distribution
4 constraints define who operates.

5 REPRESENTATIVE DUSH: So within PJM, on the PJM
6 States, would those credits be, would they be able to
7 purchase or would you have to purchase those from---

8 MR. BRISINI: No, they won't have to purchase
9 those. What happens is that for every net megawatt-hour of
10 conventional generation, depending upon the fuel, depending
11 upon the efficiency of the unit, there will be a certain
12 dollar amount per net megawatt-hour that you will have to
13 put into your bid price.

14 For example, if it costs you \$18 to make a net
15 megawatt-hour and your RGGI price adder is \$4, you have to
16 bid \$22, which may put you out of market, likely put you
17 out of market, and somebody else who maybe generates at \$21
18 will generate the power that you otherwise would generate.

19 REPRESENTATIVE DUSH: Thank you.

20 MAJORITY CHAIRMAN METCALFE: Representative Otten
21 for a final question.

22 REPRESENTATIVE OTTEN: Thank you.

23 So can you just help me understand a little bit
24 about Olympus Power. What sectors of power do you work in
25 specifically?

1 MR. BRISINI: Olympus Power, it has wind power,
2 biomass, coal refuse, coal, and we unfortunately, we had
3 natural gas-fired generation, but that has been sold.

4 REPRESENTATIVE OTTEN: Okay.

5 And I heard you talk about stranded investments
6 in New Jersey, and I guess something that piqued my
7 interest is that it seems a lot of times we are talking
8 about stranded investments protecting investments of
9 infrastructure, you know, without talking about the flip
10 side of that, and I get it, you work for a private company
11 and so that is what you are paid to do, right? But we're
12 here paid to protect the public interests and the public
13 health and safety.

14 I have a school district -- we talk a lot about
15 how RGGI will increase the rates for ratepayers and things
16 like that, but I think we're failing to talk about what
17 happens when we become more energy efficient because of
18 things like this.

19 So, for example, one of my school districts went
20 from a natural gas-powered school to a geothermal-powered
21 school. They are saving \$70,000 a year in energy costs.
22 And so can you speak a little bit about that? I mean,
23 there are going to be, there are going to be impacts where
24 actually the public reduces, their energy costs are reduced
25 by going off of the grid by being able to have independent

1 energy infrastructure that, you know, one upfront
2 investment creates a long-term savings.

3 So as we're talking about school districts who
4 are suffering and things like that, I am thinking about
5 some of my school districts that have made investments in
6 those off-the-grid independent energy infrastructure and
7 how much money they are saving and how much healthier the
8 environment is for those kids. So do you have any insight
9 into that?

10 MR. BRISINI: Well, it all depends -- whether the
11 environment is safer for the children depends upon what is
12 being used. I mean, in every resource, whether it's a
13 natural gas or a solar or whatever, a diesel generator,
14 they all have their impacts.

15 Now, one of the challenges that will have to be
16 addressed if you have more and more distributed generation
17 is aggregators. Now, what happens and what they do is they
18 go out and they get people, farms, they'll get water
19 treatment plants that have engines, and they will create a
20 virtual power plant. And this was one of the things that I
21 testified regarding, and Representative Vitali might
22 remember this. We testified, we had a hearing about the
23 aggregation and the emissions from the diesel generation.
24 So if you aggregate diesel generators, at that time, if my
25 memory serves me correctly, there were 2500 megawatts of

1 these distributed aggregated resources, and they had an
2 emissions profile that was equal to something like
3 25,000 megawatts of uncontrolled natural gas-fired combined
4 cycles.

5 So until you actually have specifics and you are
6 talking about the specifics associated with different
7 emissions, you can't make an assessment as to whether or
8 not it's better for the environment or not.

9 REPRESENTATIVE OTTEN: But your focus is actually
10 on the distributed energy through the grid versus---

11 MR. BRISINI: Well, centralized generation and
12 distribution---

13 REPRESENTATIVE OTTEN: Right.

14 MR. BRISINI: ---through the PJM Interconnection.

15 REPRESENTATIVE OTTEN: Right. So we're not
16 factoring in the decentralization of generation and local
17 independent infrastructure off the grid.

18 MR. BRISINI: If you have -- well, that's a
19 misnomer. They are not off the grid. They are still on
20 the grid. They are still attached. Most of the folks,
21 what happens, it's kind of like a solar.

22 REPRESENTATIVE OTTEN: Mm-hmm.

23 MR. BRISINI: You do solar, and this is one that
24 I think is really interesting. So you have a solar
25 generator, and they reverse meter. Essentially they're

1 being paid full retail price for their power. But
2 something else that is not considered is that your
3 transmission and distribution cost is determined by how
4 much you buy power. So if you send the power out, take
5 power out such that the net is that you only use a couple
6 of kilowatt-hours, you are forcing all of your neighbors on
7 the grid to subsidize your activity because they pay for
8 all the power going in. And you're actually using the grid
9 two ways. You're using it to transmit power and to bring
10 the power back, and all you pay for is the difference.

11 REPRESENTATIVE OTTEN: And wouldn't community
12 solar help that?

13 MR. BRISINI: Pardon?

14 REPRESENTATIVE OTTEN: Wouldn't community solar
15 help that?

16 MR. BRISINI: Well, if it works in reverse
17 metering, it works the same way. Everybody else on the
18 system will subsidize your use of the grid, which is why
19 people are getting so upset, because people are saying,
20 wait a minute, I'm not going to let you reverse meter at
21 retail price; I'll let you reverse meter at a wholesale
22 price. So people are up in arms over that issue because
23 they're like, I can't make all the money I was making
24 before. Yeah, but the issue gets to be, you need to pay,
25 everybody needs to pay their share of the transmission and

1 distribution costs.

2 REPRESENTATIVE OTTEN: Mm-hmm.

3 MR. BRISINI: And so there's all of those issues
4 that really when they come up, it's kind of like the
5 statement people say, renewables are as cost effective as
6 other generation, and then you find out, well, that's only
7 when they include the production tax credit and the
8 investment tax credit and the alternative energy credit.
9 So are they?

10 And then people say, well -- and I've heard this
11 before, you know -- 70-some percent of the people say they
12 are willing to pay more for renewables. I don't see that
13 happening in the PJM system. I don't see people going out
14 -- they have choice. They have the ability to go out and
15 buy whatever source of power they want, and if it were
16 really as cost effective as other generation and if people
17 were really willing to bear some nominal additional cost,
18 people right now could be doing to natural gas what natural
19 gas did to coal in that short a period of time. People
20 have the ability to do this right now.

21 REPRESENTATIVE OTTEN: And I can tell you,
22 actually, I did take that choice, and my family does use
23 renewable energy through energy choice.

24 MR. BRISINI: Yeah. And---

25 REPRESENTATIVE OTTEN: And our bills are actually

1 lower than they used to be, so.

2 MR. BRISINI: And that's great, but that's the
3 opportunity that you have. You as an individual have that
4 opportunity to take advantage of that choice.

5 Now, the reason it's lower for you is that they
6 are sharing with you the level of the subsidies, and that's
7 fine. They're out there. We have alternative energy
8 credits. That gets baked into the price, and it is what it
9 is.

10 REPRESENTATIVE OTTEN: So what I'm hearing from
11 you, though---

12 MR. BRISINI: But all of that was done with
13 legislation.

14 REPRESENTATIVE OTTEN: What I'm hearing from you,
15 though, is that if there was a mechanism like RGGI that
16 would incentivize people to go to a cleaner energy model,
17 that those savings would be shared with all of us.

18 MR. BRISINI: It won't. But it won't. RGGI
19 doesn't do that.

20 REPRESENTATIVE OTTEN: Okay.

21 MR. BRISINI: If you go back and you look at all
22 of the States that have been in RGGI, RGGI does not --
23 renewable energy generation is not an outcome of RGGI.
24 RGGI does not protect nuclear. If RGGI protected nuclear,
25 why did New York have to invent the zero-emission credit

1 for nuclear energy? It doesn't protect nuclear. That's
2 why they invented that.

3 REPRESENTATIVE OTTEN: Mm-hmm.

4 MR. BRISINI: Now, as far as the ability of
5 people to take advantage of those things, those things were
6 done under legislation. I believe that these kinds of
7 things and energy should be done, if you're going to do
8 these things, they should be done under legislation. They
9 shouldn't be done under Executive Order, either at the
10 State or Federal level, for the simple reason it creates an
11 environment that creates huge uncertainty for anybody to
12 make an investment.

13 If every election term for the Executive officer,
14 be it the Governor or a President, and you have things
15 done this way with Executive Order, every election cycle
16 you have good investments that can turn bad, just like
17 that.

18 The investment community needs the ability to
19 have certainty to make the investments and move forward in
20 a sound, reasonable fashion. You can't just have this
21 back and forth done with Executive Order. And I don't care
22 if it's Federal or State, it's just that you guys need to
23 do these things. You guys need to be statesmen and
24 stateswomen and make decisions and do these things and
25 represent your constituents.

1 REPRESENTATIVE OTTEN: I think that I would
2 differ that the markets are showing that investments in
3 clean energy is the better path forward and the better
4 investment. But thanks for your testimony.

5 MR. BRISINI: Well, certainly you can have an
6 opinion---

7 MAJORITY CHAIRMAN METCALFE: Thank you.

8 MR. BRISINI: ---and we can argue.

9 MAJORITY CHAIRMAN METCALFE: No, not today.

10 MR. BRISINI: But I don't think things are
11 showing that.

12 Yes?

13 MAJORITY CHAIRMAN METCALFE: We just kind of
14 wanted you here to share your expertise, not to argue with
15 you.

16 MR. BRISINI: Yeah.

17 MAJORITY CHAIRMAN METCALFE: Was my hope. But
18 thank you for taking time to be with us. Thanks for
19 sharing your expertise with us today. And we appreciate
20 you making the trip. Have a safe journey home.

21 This is our final hearing on RGGI prior to a plan
22 consideration by the EQB of RGGI. So with that said, I
23 would like to kind of rap this hearing up today with a few
24 comments to let everybody kind of summarize what we have
25 done and where we are going with this meeting that myself

1 and the Minority Chair expect to be involved in in
2 September, which I expect is going to be via Zoom call
3 again, because I think DEP is not even in their offices
4 currently. But they're still going to move forward with
5 this consideration when they're not even occupying their
6 own offices yet.

7 First, regarding who testified at this hearing.

8 The purpose of the hearing was not just to
9 discuss RGGI but to discuss the almost certain devastating
10 negative economic consequences on Pennsylvania if we
11 participate in it. Every testifier had critical thoughts
12 about it, and my goal in holding these hearings was to
13 bring about a fair and balanced conversation about the
14 issue, since the DEP and the Administration continually
15 release biased, one-sided modeling, press releases, and
16 presentations. My goal throughout these hearings has been
17 to present the other side of the argument, which the
18 Administration has completely ignored, disregarding even
19 all the various advisory committees' votes on it.

20 At the previous RGGI hearing, one of our
21 testifiers presented detailed and compelling testimony that
22 the Administration's attempt to join RGGI through Executive
23 action clearly exceeds the powers delegated to the Governor
24 under Pennsylvania law and its Constitution and, therefore,
25 is illegal and illegitimate. It is not in the interests of

1 this Committee at this time or any time to welcome
2 testimony from those who support and are cheerleaders for
3 lawless actions.

4 I want to make sure that we also recognize the
5 serious corruption that has been involved with this
6 development. In Ohio, they have got indictments to saving
7 supposedly the nuclear energy industry there. We haven't
8 had any indictments here, but we have got corruption here,
9 and that corruption has been with the company that was
10 hired, ICF, to do the modeling.

11 On June 8th, the Keystone Energy Efficiency
12 Alliance, of which ICF is a member, wrote a letter to the
13 House ERE Committee Members opposing House Bill 2025. On
14 June 11th, they wrote a letter opposing the bill to all
15 House Members. That's the Keystone Energy Efficiency
16 Alliance, and ICF, who is doing the modeling, supposedly
17 unbiased, on behalf of and for DEP, hired, contracted by
18 DEP, is a member of that committee that was lobbying
19 against this bill, to require ultimately to crystallize
20 what is already, I believe, law and constitutional
21 requirements for the Administration to get our approval
22 before moving forward with this scheme.

23 On July 9th, ICF signed onto a letter to the EQB,
24 along with several other clean-energy businesses,
25 supporting DEP's RGGI proposal and encouraging investments

1 of RGGI funds into energy efficiency and clean energy in
2 Pennsylvania. After I pointed out this corruption in the
3 past hearing on July 21st and Senator Yaw sent a letter to
4 the same effect to the Administration on July 24th, ICF then
5 released a statement declaring that their name had been
6 added to the July 9th letter without permission and stating
7 that ICF is a nonpartisan, nonpolitical group.

8 The statement did not address the other letters,
9 which makes it difficult to believe and reveals that the
10 company is either extremely incompetent or has no
11 credibility. This is the height of corruption when a
12 supposedly neutral company, whose analysis we're supposed
13 to trust, is publicly lobbying in favor of what they should
14 be analyzing in an unbiased fashion and then lobbying
15 regarding how these funds should be spent, revealing a
16 further conflict of interest.

17 DEP has lost three advisory committee votes on
18 RGGI now. First on May 7th, before the Air Quality
19 Technical Advisory Committee, stacked with
20 environmentalists, they voted 9 to 9 with one abstention,
21 so they failed to approve DEP's proposal. Then on May 19th,
22 the Citizens Advisory Council voted 9 to 4 to reject the
23 proposal. And then we heard from one of the gentlemen who
24 sits on the Small Business Compliance Advisory Committee
25 today, who on July 22nd there was a vote of 4 to 3 to reject

1 DEP's RGGI proposal. With all of that, they are still
2 going to move forward, supposedly, with their September
3 consideration by the EQB.

4 Now, there is never a good time to pursue an
5 illegal, unconstitutional scheme like RGGI, but it's a
6 horrible idea for Pennsylvania, especially right now during
7 our current economic crisis. We must be trying to get our
8 business community to reinvest, encouraging them to know
9 that they have got a stable environment to move forward in
10 to try and help our economy recover out of what has been
11 occurring because of the virus and because of Wolf's
12 reaction to it, not hit them with additional costs and
13 burdens with little to no environmental benefits.

14 Governor Wolf, Secretary McDonnell, the evidence
15 is mounting against you and your corrupt hired company that
16 is reviewing this. The time is now for you to withdraw
17 this horrible job-killing RGGI regulation.

18 This meeting is adjourned.

19
20 (At 12:59 p.m., the public hearing adjourned.)

1 I hereby certify that the foregoing proceedings
2 are a true and accurate transcription produced from audio
3 on the said proceedings and that this is a correct
4 transcript of the same.

5
6
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