

TESTIMONY OF FRANZ T. LITZ

HOUSE ENVIRONMENTAL RESOURCES AND ENERGY COMMITTEE

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Thank you Chair Metcalf, Chair Vitali and Members of the House Environmental Resources and Energy Committee for inviting me to provide testimony today. My remarks will be focused on the opportunities a 21st century energy economy offers for Pennsylvania communities and citizens, and how active participation in the Regional Greenhouse Gas Initiative, or RGGI, can help Pennsylvania seize those opportunities.

- I am Franz Litz, Principal of Litz Energy Strategies LLC and consultant to state governments, policy think tanks, and philanthropy.
- For the past twenty years I have worked for and with state governments to develop sound policies to drive investments in a 21st century energy economy, bring new choices to consumers; good, durable jobs for workers; and a cleaner, healthier environment for communities.
- From 2001 to 2007, I worked under the Republican Governor of New York, George Pataki, and led New York's effort to develop and launch the Regional Greenhouse Gas Initiative with a group of other states.
- Since leaving my post in New York, I have worked with other states in the Northeast and MidAtlantic, as well as in several other regions, including the West, Midwest and Southeast. Recently, for example, I assisted the Virginia Department of Environmental Quality in its successful effort to participate in RGGI, and I am currently actively involved in North Carolina, where a similar effort to participate in RGGI has officially started.
- Over the past twenty years—the first 20 years of this still-young century—we have seen remarkable changes in our energy economy.
 - Lower costs have given us new options for supplying electricity, including lower costs for wind and solar and energy storage.
 - As consumers—average residential consumers and big businesses alike—we have new options and new ways to keep costs down. That is why many major energy consuming businesses now insist on access to solar and/or wind power as a condition to locating their operations in a community—not just because it is clean, but it provides electricity at a low, stable cost.

- As landowners and homeowners, we can now participate in the energy economy like never before. Wind and solar have opened up new opportunities for land owners and homeowners to benefit from the energy economy. Maybe you know some of these landowners in your districts.
- Seizing opportunities at the state level requires good policy. Take Iowa, for example. Like Pennsylvania, Iowa is an electricity exporter. Across successive Republican administrations, Iowa remains determined to export more and more clean wind power to its neighbors to the east, bringing jobs and economic prosperity to Iowans in the process. This is the result of active, affirmative decisions by successive Iowa governors and utility commissioners.
- As consumers, we are empowered like never before. Technology has brought us new ways to save energy and monetize those savings.
 - If I voluntarily turn over my smart thermostat to my utility on the hottest days of the year, for example, I can earn sizeable credit on my electricity bill.
 - If I drive an electric vehicle, I stop sending petroleum dollars out of state or out of the country; I can stop dealing with wildly fluctuating prices at the gas pump. Instead I hold onto more of my money and use electricity generated here close to home.
 - If I install a heat pump in my home, I dramatically improve the efficiency of my home heating system, reduce the amount of fossil fuel I consume and pay for, all while staying warm in the winter and cool in the summer.

It is important to recognize that low-income consumers are in most cases less able to take advantage of these new options for consumers, but we know how to design policies and make investment decisions to make sure low-income consumers share equitably in these benefits.

- Energy efficiency remains a big opportunity—making homes and buildings more comfortable while saving homeowners and business owners money. The increased potential for electrification of vehicles and building heating systems means greater opportunities in the energy efficiency space.
- These are just some of the many opportunities a 21st century energy economy offer Pennsylvanians—more choice, lower costs, more comfortable buildings and cleaner air.
- It isn't all opportunity, of course—we face some challenges as well. Some communities—particularly those with coal-burning power plants that can no longer compete against lower cost competitors—need our help in the transition already underway. And low-income consumers need special consideration to make sure they are not bearing the burden of new

investments they cannot afford. The good news is we know how to help these communities and safeguard low-income households.

- Participation in RGGI will help Pennsylvania take advantage of new opportunities while also meeting the challenges of a changing energy economy.
 - First, RGGI sends the right signal to the electricity marketplace; it says to power companies, “Make investments that will position our communities for prosperity in this century!” This message has proved very effective in states already participating in RGGI.
 - Second, proceeds from the sale of RGGI allowances can be used to seize the opportunities for the benefit of Pennsylvanians. Indeed, current RGGI states have had great success driving economic and job growth while improving environmental and health outcomes.
 - Finally, and crucially, RGGI money can be used to help communities with retiring coal plants, to reduce electricity bills of low-income residential consumers and improve the environment in communities that have historically carried more than their fair share of environmental and public health burdens.

Thank you again for the opportunity to appear today and I welcome any questions you may have.