



Hi December 11, 2023

The Honorable Greg Vitali
Majority Chairman
House Environmental Resources & Energy Committee

The Honorable Martin T. Causer
Republican Chairman
House Environmental Resources & Energy Committee

Dear Chairman Vitali, Chairwoman Causer and Members of the House Environmental Resources & Energy Committee:

Thank you for the opportunity to provide the following statement regarding changes and updates to the Commonwealth's Alternative Energy Portfolio Standards Act, or AEPS, specifically as it relates innovative and modern technologies that enhance energy efficiency, reduce greenhouse gas emissions, and foster economic development.

Kimberly-Clark, one the world's leading and most trusted manufacturers of hygiene and safety products for home and the workplace, operates a consumer tissue manufacturing facility in Chester, Pennsylvania. Our highly skilled workforce of nearly 600, many of whom reside within Delaware County, collectively produces Scott 1000 Bath Tissue on a 24-7-365 basis for customers in the Commonwealth and across the region. Given that tissue production requires substantial inputs of electricity and heat/steam, a cost-effective and reliable energy supply has been vital to the success of our Chester facility.

In 2018, Kimberly-Clark invested roughly \$180 million to replace our Chester facility's onsite power and steam plant, a highly inefficient coal-fired power plant and standalone steam boilers, with a highly efficient and less greenhouse gas-intensive natural gas-fired Combined Heat and Power (CHP) system. This CHP system not only meets 100 percent of our Chester facility's power and steam demand and allows surplus power to be exported to the grid, but it also significantly reduced the site's greenhouse gas emissions by more than 65 percent.

Combined Heat and Power systems, also known as cogeneration, have proven to be highly efficient means of producing both electricity and useful thermal energy from a single fuel source. This integrated approach to energy generation has numerous environmental and economic benefits that align with the Commonwealth's and national goals for sustainable energy and climate action and helps ensure operational resilience of manufacturing and institutional operations using CHP. As this committee begins to discuss ways to modernize the Commonwealth's Alternative Energy Portfolio Standards Act and provide greater opportunity for innovative technologies that help to reduce greenhouse gas emissions, we strongly believe that CHP must be part of the conversation.

Here are a few key reasons why we urge members of this committee to consider supporting legislation that encourages the adoption and continued use of CHP:

1. **Energy Efficiency:** CHP systems can achieve overall energy efficiencies of 60% to 80%, significantly higher than conventional power generation. By capturing and utilizing the waste heat produced during electricity generation, CHP systems help maximize the utilization of our energy resources.
2. **Greenhouse Gas Reduction:** The increased efficiency of CHP systems results in lower greenhouse gas emissions compared to traditional power generation methods. Supporting the widespread adoption of CHP can contribute significantly to our efforts in mitigating climate change and meeting emission reduction targets.
3. **Reliability and Resilience:** CHP systems enhance energy security by providing a decentralized and reliable source of base load power for around-the-clock operations in the manufacturing and health care sectors. This distributed generation approach can also improve grid resilience and reduce the vulnerability of our energy infrastructure to disruptions.
4. **Economic Development:** Encouraging the deployment of CHP systems helps ensure operational resilience and a more cost-effective energy supply for manufacturing and institutional employers providing essential products or services.

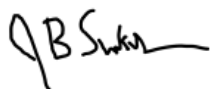
Kimberly-Clark supports the measured approach to CHP incentives contained in Senate Bill 181, introduced by Sens. John DiSanto (R-Dauphin) and John Kane (D-Delaware/Chester). This legislation would expand the capacity limits for CHP facilities which are currently eligible for renewable energy certificates under the Commonwealth's Alternative Energy Portfolio Standards Act.

Currently, only CHP facilities that produce 5-megawatts or less of power are eligible for Tier II credits. This 5-megawatt cap was not set by statute, but through regulations administered by the Pennsylvania Utility Commission (PUC). The lack of a clear definition of CHP within the Act has had unforeseen consequences such as the exclusion of more than 90 percent of facilities throughout the Commonwealth that have invested in CHP technology. Adding additional capacity in the form of highly efficient and more environmentally friendly CHP will not only help the Commonwealth meet its alternative energy goals, but also help lower the cost of energy for both commercial and residential ratepayers.

We at Kimberly-Clark respectfully request that you consider supporting policies that promote the expansion of CHP systems, provide financial incentives for their adoption, and remove barriers that may hinder their widespread implementation. Investing in CHP will contribute to a more sustainable, resilient, and economically vibrant future for our Commonwealth.

Thank you for your attention to this critical issue and we look forward to working with members of this committee. If you have any questions, please let us know.

Sincerely,



J. Branch Sinkule