



Testimony

Submitted on behalf of the  
Pennsylvania Chamber of Business and Industry

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### **Informational Hearing**

Before the:  
**House Environmental Resources and Energy Committee**

Presented by:  
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Director, Government Affairs

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Good morning Chairman Metcalfe, Chairman Vitali and members of this committee.

My name is Kevin Sunday, Director of Government Affairs for the Pennsylvania Chamber of Business and Industry. The PA Chamber is the largest, broad-based business advocacy organization in the Commonwealth. Our organization represents thousands of member companies, across every commercial and industrial sector and ranging in size from sole proprietorships to Fortune 100 companies.

I appreciate the opportunity to appear before you this morning to discuss our organization's efforts to advocate in support of policies that will foster economic growth for the betterment of all of Pennsylvania. As we look to recover from this pandemic, our goal – which we hope is shared by every member of this committee and the legislature – is to position Pennsylvania in an even better position than it was before in terms of growth, economic vitality and civic health. This will require bipartisan support for breaking down barriers to opportunity and free enterprise, rethinking policy when it comes to getting infrastructure built in the Commonwealth, and improving the competitive position of the state.

We are, in partnership with our members, developing the Bringing PA Back: Rise to the Challenge initiative, which will seek to meet these goals and put a spotlight on how lawmakers on both sides of the aisle can put into place the policies that will jump start the economy and provide relief for job creators.

### **The Private Sector Stands Ready to Partner With the Public Sector on Recovery**

Ten months ago, our members retooled manufacturing processes to furnish more PPE and medical supplies. They volunteered millions of dollars worth of man hours, food and other material aid to non-profits in their communities. Many facilities saw critical workforces live on site for weeks, away from their families, so that the production of vital goods, such as food or electricity, was not interrupted.

That same civic spirit is still at work when it comes to vaccine distribution. Our members remain willing and eager to assist in distributing the vaccine and encouraging employees to get it. We share the concerns of many legislators on both sides of the aisle that the roll-out has not been as efficient as possible, and we continue to offer the support of the private sector to leverage its resources in vaccinating the general population.

### **Competitive Markets and a Predictable Regulatory Environment Have Delivered Significant Environmental and Economic Progress in Pennsylvania**

Pennsylvania is the biggest net exporter of electricity in terms of megawatt hours, according to a recent analysis by the U.S. Energy Information Administration (EIA). Based on an analysis of EIA data, Pennsylvania exported 36 percent of total megawatt hours in 2019. Pennsylvania is also the largest power producer in the 13-state PJM grid, the largest grid in the country and one that delivers power to the homes, schools, and workplaces of more than 61 million Americans. The competitive markets managed by PJM have resulted in significant reductions in NAAQS criteria and greenhouse gas emissions from the power generation sector. Pennsylvania has remained in a leadership position with respect to power generation and net exports even with a substantial decrease in emissions intensity among the portfolio. According to a profile of the state's generation and transmission

assets compiled by PJM<sup>1</sup>, Pennsylvania's average CO2 intensity declined from approximately 1,150 lbs/MWh in 2005 to approximately 765 lbs/MWh in 2019 (a reduction of 33 percent), SO2 intensity declined from 10 lbs/MWh in 2005 to less than 1 lb/MWh in 2019 (a reduction of more than 90 percent). These reductions reflect overall significant declines in emissions of federally regulated pollutants over the past several decades. According to data available on PA DEP and US EPA's websites, these reductions include decline in annual emissions of NOx on the order of 65 percent, SO2 by 90 percent, CO by 69 percent, VOCs by 36 percent and PM 10 by 37 percent. Further, these reductions are yielding a demonstrable improvement in air quality. Every monitoring point in the state is measuring attainment for the 2008 ozone standards of 75 ppb, and in just one year the number of monitoring points measuring non-attainment for the 2015 ozone standard of 70 ppb fell from eight to just four. The state is also measuring attainment at all points for both the annual and 24-hour standards from PM 2.5, and the Allegheny County Health Department announced last week that for the first time in decades its monitors were measuring healthy levels of air quality for all criteria pollutants.

These significant declines in air quality emissions have also been paired with decreases in the commodity costs within PJM's energy markets. During the first nine months of 2020, prices in the energy markets were the lowest in the 21-year history of the RTO's organized markets. Energy markets provide approximately two-thirds of the weight of wholesale power prices in PJM. Wholesale prices across PJM for 2019 were the lowest in 15 years, according to the Independent Market Monitor's recent annual report<sup>2</sup>.

The Forge the Future economic reports, which we have briefed this committee on in the past, further quantify the economic gains from leveraging the state's energy and manufacturing resources: 100,000 new jobs, a \$60 billion increase in state GDP, and \$2-3 billion increase in state tax revenues. Pennsylvania is a world class energy producer, with the second largest nuclear fleet, the fourth most coal production, continued growth in renewables assets, and, notably, the second largest energy field in the world – its shale gas assets. The state is currently sitting on untapped opportunities that could propel its economy and turn the Commonwealth into a leader in the 21<sup>st</sup> century global economy. Put simply, Pennsylvania faces a historic opportunity to unleash the full value of its Marcellus, Utica and Devonian shale resources and tap into a much-needed wellspring of GDP and jobs growth for decades to come.

At a time when Pennsylvania faces demographic headwinds, which is creating perennial challenges to lawmakers in budget contexts and to business leaders with respect to workforce, it is clear we must position ourselves for growth.

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<sup>1</sup> 2019 Pennsylvania State Infrastructure Report. PJM Interconnection, July 2020. <https://www.pjm.com/-/media/library/reports-notice/state-specific-reports/2019/2019-pennsylvania-state-infrastructure-report.ashx?la=en>

<sup>2</sup> 2019 State of the Market Report for PJM. Independent Market Monitor, March 2020. [https://www.monitoringanalytics.com/reports/PJM\\_State\\_of\\_the\\_Market/2019.shtml](https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2019.shtml)

## **The PA Chamber Supports Reforms to the State's Tax and Regulatory Climate**

If Pennsylvania is going to lead in a 21<sup>st</sup> century economy, it must be a state that welcomes investment and reduces obstacles to growth and innovation - whether that investment is a new electric transmission line, a gas pipeline, broadband infrastructure, a port expansion or a data center. Getting any of these projects through the state's permitting process is not an easy feat. While we cannot control what additional burdens the federal government may place on new projects, we can step forward with state policy that accommodates growth.

To that end, the PA Chamber supports legislative and regulatory efforts that streamline the permitting of new projects, including the use of qualified third-party professionals as is done successfully in many other states. The PA Chamber also supports measures that would limit the significant time and resources – both that of the private sector and of state government - wasted in spurious litigation filed at the Environmental Hearing Board, and that cuts down on the amount of reporting and paperwork on the backend. We also support increased improvements to the state's IT infrastructure to accommodate permitting, and support DEP having the funding it needs provided all other points of efficiency and improvement have been leveraged.

Finally, as it relates to tax policy, the state must improve its competitive position with respect to the treatment of net operating losses (which are a major burden to new manufacturing operations) and its corporate net income rate. Just as the state's regulatory climate must welcome a 21<sup>st</sup> century economy, so must its tax code recognize a changing world. Adding additional taxes or energy mandates to the state's economy will only set us back further.

The challenges facing our state are many – an aging population, a pandemic, and a need to develop and use energy sustainably. We can only meet these challenges when the private sector is fully equipped and empowered to tackle them – we cannot tax, ban or mandate our way to prosperity.

Thank you for the opportunity to appear before you this morning, and I look forward to answering any questions you may have.