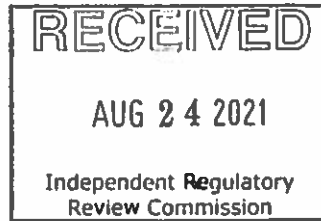


#3274



Comments submitted to the Pennsylvania Independent Regulatory Review Commission regarding proposed CO2 Budget Trading Program #7-559 (IRRC# 3274):

Pittsburgh Works Together is an alliance of organized labor, business, and civic leaders who believe that a diverse economy that includes traditional industry alongside our emerging technology industries is the surest path to sustainable prosperity for everyone. We believe in a clean environment, and our members pursue that goal each and every day.

We urge the Independent Regulatory Review Commission to reject Pennsylvania’s entry into the Regional Greenhouse Gas Initiative. The Department of Environmental Protection’s own analyses demonstrates that:

- It won’t work – RGGI does not accomplish its stated goal of reducing carbon emissions from the electricity sector.
- Nearly all the health benefits that it claims the people of Pennsylvania will enjoy will take place whether the state joins RGGI or not.
- RGGI will lead to significantly higher power prices in Pennsylvania, which will hurt the state’s efforts to rebuild a manufacturing base that is already losing out badly to other states around the country. And it will adversely affect low- and fixed-income households and seniors.

1. RGGI Won’t Reduce Carbon Emissions

According to the DEP’s latest power-sector modeling (May 2021), carbon emissions from Pennsylvania’s electricity sector will decline by a cumulative 97 million short tons by 2030 if the state joins RGGI. However, as carbon emissions are reduced in Pennsylvania, power plants in other states will simply produce more electricity from carbon sources. PJM, the multi-state electricity grid which includes Pennsylvania, will see its total carbon emissions (2020-2030) drop by less than 1% if Pennsylvania joins RGGI, according to the DEP.

	...if PA joins RGGI	...if PA does not join RGGI	Difference
PJM Carbon Emissions (million short tons)	3,100	3,128	-0.8951%

(Source: https://files.dep.state.pa.us/Air/AirQuality/AQPortalFiles/Advisory%20Committees/Air%20Quality%20Technical%20Advisory%20Committee/2021/5-17-21/2021_Modeling_Reference_Case.xlsx , Emissions tab;
https://files.dep.state.pa.us/Air/AirQuality/AQPortalFiles/Advisory%20Committees/Air%20Quality%20Technical%20Advisory%20Committee/2021/5-17-21/2021_Modeling_Policy_Case.xlsx , Emissions tab)

Conclusion: RGGI will only result in an accounting sleight-of-hand in which Pennsylvania will be able to claim it has cut carbon emissions, while overall emissions from electricity production in mid-Atlantic and Midwest states will stay essentially the same.

2. RGGI Will Not Protect Public Health, Natural Gas Will

One argument advanced by DEP to justify its regulation is that RGGI will lead to the shutdown of coal-fired power plants in Pennsylvania and thus avoid the soot and air pollution that they produce. That in turn will lead to fewer hospital visits, fewer asthma attacks, fewer missed days of work, and fewer premature deaths.

But the benefits of the free market will outpace anything the government can accomplish through RGGI. The DEP analysis shows that natural gas will continue to replace coal over the next decade even without RGGI, though not quite as quickly. Using the DEP's methodology, the estimated additional health benefits enjoyed in 2030 (compared to 2019) will be \$3 billion without RGGI and \$3.31 billion with RGGI.

(Source: <https://files.dep.state.pa.us/Air/AirQuality/AQPortalFiles/RGGI/PA%20RGGI%20Health%20Benefits.xlsx>)

Conclusion: The free market will account for more than 90% of the upcoming health benefits that Pennsylvania residents will enjoy in the shift away from coal-fired power plants, according to DEP's analysis.

3. Rising Power Prices Will Hurt a Struggling Manufacturing Base

The latest information submitted by DEP to the IRRC (*Regulatory Analysis Form dated July 28, page 32*) predicts that Pennsylvania's firm power prices will increase by 19.46% (constant dollars) by 2030, significantly higher than its previous projection.

This will make Pennsylvania's electricity – a product that is exported to other states – less competitive with power produced elsewhere. At the same time, it will raise the prices that manufacturers will have to pay to power their factories.

Pennsylvania's manufacturing base is already losing ground to most of its competitors. Even as the United States added manufacturing jobs in the years before the pandemic, Pennsylvania lost those critical, high-quality jobs.

North and South Carolina combined added more than 43,000 manufacturing jobs between 2015 and 2020, while Pennsylvania lost several hundred. But Pennsylvania is not just losing to southern states with growing cities and a less robust organized labor culture.

Between 2015 and 2020, Ohio, New Jersey, Maryland, Delaware, Indiana, and Michigan all added manufacturing jobs, a total of 86,000. Pennsylvania lost 300.

Just as importantly, nearly all those states have recovered a greater percentage of the manufacturing jobs they had when the pandemic started than Pennsylvania. And that's when Pennsylvania already enjoys some of the lowest industrial electricity prices in the eastern U.S. Joining RGGI will, if not eliminate, decrease that competitive advantage.

Conclusion: Joining RGGI will make it even more difficult to rebuild Pennsylvania’s manufacturing base, limiting the family-sustaining economic opportunities for people across the Commonwealth.

Summary: Joining RGGI will not decrease carbon emissions in any meaningful way, market trends alone will account for the vast majority of anticipated health benefits, and the higher power prices resulting from RGGI will undercut economic opportunities in Pennsylvania. DEP’s proposed CO₂ Budget Trading Program:

- Will have a serious negative economic impact on the state;
- Will not provide significant public health benefits beyond what market forces will provide without the regulation;
- And is an unreasonable proposal, as it will have virtually no impact on the level of carbon emissions coming from this area of the country.

As such, we urge the IRRC to reject the proposed regulation as not in the public interest.