



TESTIMONY OF GRANT R. GULIBON
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BEFORE THE INDEPENDENT REGULATORY REVIEW COMMISSION
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Good morning, Chairman Bedwick and members of the Independent Regulatory Review Commission. My name is Grant R. Gulibon, and I am Deputy State Director with Americans for Prosperity-Pennsylvania. I appreciate the opportunity to testify today on behalf of tens of thousands of our grassroots activists across the Commonwealth.

Americans for Prosperity-Pennsylvania is an organization dedicated to breaking down barriers to opportunity of all types for all Pennsylvanians. Among the most important types of opportunity—especially in these uncertain times—is economic opportunity. We believe that the proposed rulemaking under consideration at today’s hearing represents one of the gravest threats to economic opportunity that the Commonwealth has faced in quite some time. Therefore, we urge you, as members of the Independent Regulatory Review Commission, to reject the so-called “CO₂ Budget Trading Program” (25 PA Code Chapter 145), and instead support allowing the Commonwealth’s elected policymakers the opportunity to evaluate alternative approaches that account for the impact of any such proposal on Pennsylvania’s energy, manufacturing, and small business communities.

In truth, the Regional Greenhouse Gas Initiative (RGGI) is just a tax on energy, with immediate, tangible costs to every sector of Pennsylvania’s economy and negligible, if any, benefits of any kind for Pennsylvanians—especially for those of our fellow citizens at the lower end of the economic scale. According to the most recent results from the Energy Information Agency’s Residential Energy Consumption Survey (RECS), in 2015, nearly one-third of U.S. households reported facing a challenge in paying energy bills or sustaining adequate heating and cooling in their homes. Furthermore, about one in five households reported reducing or relinquishing necessities such as food and medicine to pay an energy bill. Finally, it should be noted that RGGI was a key feature of the Obama Administration’s Clean Power Plan regulation, and a September 2020 analysis from MIT found that the Clean Power Plan would have cost the lowest income Americans hundreds of dollars a year in increased electricity bills.

Naturally, our Commonwealth is not immune from the effects described above. According to the Home Energy Affordability Gap, more than 840,000 households in Pennsylvania are experiencing energy insecurity, meaning that they spend more than 10 percent of their annual income on their home energy bill. In other words, nearly one-sixth of the households in our state—even prior to the current economic situation—already faced crippling financial burdens from their energy bills. Perhaps even more disconcerting is the Pennsylvania Public Utility Commission’s 2019 finding that “Pennsylvania’s average energy burdens for all energy sources were among the highest in the country for households below 150% of the poverty level.”

Eight of the 10 states in RGGI have higher retail electricity rates than Pennsylvania. As of summer 2020, these costs were 25 percent higher. If Pennsylvania’s electricity costs were to grow to the average of RGGI states, an average Pennsylvania family would pay more than \$466 more on its



electricity bills each year. Clearly, enacting RGGI and embracing antagonistic views toward affordable and reliable existing energy sources does little to nothing to address energy affordability for Pennsylvania's families and businesses—especially in the climate of economic uncertainty created by state government's response to the COVID-19 pandemic.

The preceding provides just one illustration of why requiring legislative consent for Pennsylvania to join or enact any cap-and-trade program, such as RGGI, is, in our view, the only proper course of action, for it is far from clear that joining RGGI is the right policy choice for the Commonwealth. To date, one of the most thorough analyses of RGGI, performed by the Cato Institute, found that there “were no added reductions in CO₂ emissions, or associated health benefits, from the RGGI program. RGGI emission reductions are consistent with national trend changes caused by new EPA power plant regulations and lower natural gas prices.” In addition, the combined pricing impact of the RGGI energy allowances resulted in a 12 percent drop in goods production and a 34 percent drop in the production of energy-intensive goods.

Similarly, the nonpartisan Congressional Research Service found that from a practical standpoint, the RGGI program's contribution to directly reducing global greenhouse gas (GHG) emissions is “arguably negligible.” In fact, the evidence suggests that Pennsylvania has been extremely successful at reducing emissions of all types without joining RGGI. Between 2007 and 2017, Pennsylvania reduced coal-related CO₂ emissions by more than the 10 RGGI states combined. And, in addition to reducing so-called “greenhouse gas emissions,” Pennsylvania ranks #3 in the country in terms of sulfur dioxide reductions from the power sector since 1990, and #2 in reduction of annual power sector nitrogen oxide emissions. Given those findings, one might say that joining RGGI is “all pain, no gain” for Pennsylvania.

Simply put, considering enacting a program in Pennsylvania that has not been successful in achieving its purported policy goals elsewhere is not responsible public policy. Again, RGGI is, at its heart, a revenue-raising mechanism with the sole purpose of allocating the proceeds to politically favored industries and constituencies. This economic development approach, in which state government attempts to pick “winners” and “losers,” has failed spectacularly in Pennsylvania over the past several decades, under gubernatorial administrations and General Assembly majorities of both major political parties. While enacting new barriers to economic opportunity in the form of higher energy prices is never advisable, doing it while ignoring the representatives of the people in the General Assembly, especially in a time of significant economic dislocation, is irresponsible.

I thank you for the opportunity to address this critical issue. Americans for Prosperity-Pennsylvania stands ready to work with elected officials and other stakeholders on cost-effective environmental quality measures that do not compromise Pennsylvania's economic competitiveness.