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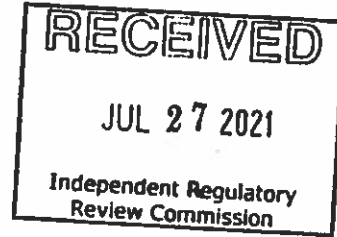


An affiliate of the Allegheny Conference

11 Stanwix Street, 17th Floor
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July 23, 2021

Honorable Patrick McDonnell
Secretary of Environmental Protection
16th Floor, Rachel Carson State Office Building
400 Market Street
Harrisburg, PA 17101



Re: Proposed Rulemaking: CO₂ Budget Training Program
Regional Greenhouse Gas Initiative

Dear Secretary McDonnell:

The Greater Pittsburgh Chamber of Commerce, an Affiliate of the Allegheny Conference on Community Development, submits the following in regards to the Commonwealth of Pennsylvania's proposal to participate in the Regional Greenhouse Gas Initiative and the proposed Chapter 145 regulations to implement a carbon cap and trade program in Pennsylvania. The Chamber supports the need to address climate change through means that boost the economy and enhance competitiveness while providing reliable, long-term, and affordable sources of energy for the Commonwealth. Hydrogen will play an increasingly prominent role in future clean energy generation.

Hydrogen can be used and is being used as an energy source for manufacturing and heavy industrial applications, for ground and short-haul regional aviation transportation, for energy storage, for blending with natural gas, for heating and power generation, and for many other industrial, institutional, and commercial uses. Hydrogen as an energy source can be generated from natural gas and coal through "gray hydrogen" (i.e., generation from natural gas via steam methane reforming and from coal gasification) and through "blue hydrogen" (i.e., from gray hydrogen with carbon capture and sequestration) techniques. Pennsylvania is blessed with abundant natural resources for hydrogen, a skilled workforce, and a developed pipeline infrastructure from which to generate and distribute hydrogen as an energy source. We also have a current and substantial industrial demand for the product that will increase as technologies and applications for hydrogen are advanced and adopted.

We are writing to request that the final RGGI regulations contain an exemption for CO₂ budget sources that generate hydrogen when used for energy for industrial, institutional, or commercial purposes, whether at the generation facility or at an offsite facility, if the CO₂ budget source also supplies electrical output to the electric grid. A proposed amendment to § 145.305(a) is attached. This amendment is consistent with the exemption for combined heat and power budget sources that supply a portion of their annual total useful energy to non-interconnected industrial, institutional, or commercial facilities. Although we believe the current combined heat and power budget source exemption is broad enough to encompass gray- and blue-hydrogen sources up to 15% of total energy supplied offsite, the exemption should allow a greater percentage of energy to be supplied offsite when the source is generating a clean hydrogen fuel, as provided in the attached proposed amendment.

We ask the Environmental Quality Board and the Department of Environmental Protection to include the amendment to the next iteration of the proposed regulations and to include it in a final rulemaking package before publication. Please contact me if you have questions or if we can provide more information.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Smith', with a stylized, cursive script.

Matt Smith
President
Greater Pittsburgh Chamber of Commerce

**GREATER PITTSBURGH CHAMBER OF COMMERCE'S
PROPOSED AMENDMENT TO
EXEMPTION FROM APPLICABILITY
FOR
FOSSIL-FUEL-FIRED CO₂ BUDGET SOURCES
THAT GENERATE HYDROGEN FOR ENERGY USE AT
INDUSTRIAL, INSTITUTIONAL OR COMMERCIAL FACILITIES**

(amendment to draft final regulations of May 6, 2021)

§ 145.305. Limited exemption for CO₂ budget units with electrical output to the electric grid restricted by permit conditions.

(a) *Exemption.* Notwithstanding § 145.304 (relating to applicability), a CO₂ budget source that has a permit issued by the Department containing a condition (i) restricting the supply of the CO₂ budget unit's annual electrical output to the electric grid to no more than 10% of the annual gross generation of the unit, ~~or~~ (ii) restricting the supply **TO** less than or equal to 15% of its annual total useful energy to any entity other than the ~~manufacturing~~ **INDUSTRIAL, INSTITUTIONAL OR COMMERCIAL** facility to which the CO₂ budget source is interconnected, **OR (iii) IN THE CASE OF A BUDGET UNIT THAT GENERATES HYDROGEN TO BE USED AS ENERGY FOR INDUSTRIAL, INSTITUTIONAL OR COMMERCIAL PURPOSES AT ANY FACILITY, RESTRICTING THE SUPPLY TO LESS THAN OR EQUAL 90% OF ITS ANNUAL TOTAL USEFUL ENERGY,** and which complies with subsection (c), shall be exempt from the requirements of this subchapter, except for the provisions of this section, §§ 145.302, 145.303, and 145.307 (relating to definitions; measurements, abbreviations and acronyms; and computation of time) and, if applicable because of the allocation of CO₂ allowances during the pre-exemption time period, §§ 145.341, 145.351, and 145.361 (relating to Pennsylvania CO₂ Budget Trading Program base budget; CO₂ Allowance Tracking System (COATS) accounts; and submission of CO₂ allowance transfers).



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