



Industrial Energy Consumers of Pennsylvania

September 14, 2020

Laura Griffin, Regulatory Coordinator
Environmental Quality Board
Pennsylvania Department of Environmental Protection
P.O. Box 8477
Harrisburg, PA 17105-8477

VIA E-MAIL

Re: September 15, 2020, Environmental Quality Board Meeting and Proposed Rulemaking on CO₂ Budget Trading Program (25 Pa. Code Chapter 145)

Dear Ms. Griffin:

On behalf of the Industrial Energy Consumers of Pennsylvania ("IECPA"), please accept this letter in advance of the Environmental Quality Board's ("EQB" or "Board") September 15, 2020, public meeting as an indication of IECPA's interest in this matter and the proposed rulemaking indicated in the EQB's memorandum of August 18, 2020.

IECPA is an association of energy-intensive, trade-exposed industrial utility consumers taking service from a variety of regulated utilities in Pennsylvania. The cost of electricity, as well as the policies of the Commonwealth of Pennsylvania that govern and influence those costs, comprises a significant interest of IECPA's members. Acknowledging that the public policy issue related to Pennsylvania's greenhouse gas emissions requires a balance of obligations between the General Assembly and the various executive agencies -- including the Department of Environmental Protection ("DEP") -- that has yet to fully materialize, IECPA also recognizes that the rulemaking proposed by the EQB may significantly impact IECPA members' interests. As such, IECPA would like to note for the Board its particular interest in the potential resolution and possible benefits that the proposed rulemaking could entail for Pennsylvania's critical industrial and manufacturing community.

As noted by the EQB in its August 18 memorandum, the proposed rulemaking would establish Pennsylvania's participation in the Regional Greenhouse Gas Initiative ("RGGI") and thereby establish a CO₂ Budget Trading Program capable of coordinating with other RGGI participating states. The Board anticipates that participation in RGGI, as a "cap and invest" program, will result in the investment of the proceeds from Pennsylvania's participation in the initiative in measures that may further reduce greenhouse gas emissions. In addition to other considerations, IECPA believes that there may be important and valuable opportunities for the use of these proceeds to simultaneously encourage the ongoing growth and sustainability of Pennsylvania's industrial and manufacturing foundation while achieving greenhouse gas reductions goals.

For example, Pennsylvania's industrial and manufacturing community has already contributed hundreds of millions of dollars toward energy efficiency and demand reduction on the Commonwealth's various regulated electric distribution utilities' systems through the Energy Efficiency and Conservation ("EE&C") program charges required by Act 129 of 2008. For the most part, these Act 129 EE&C payments by the largest utility customers have not resulted in reduced electricity consumption (and corresponding reductions in greenhouse gas emissions associated with electric generation) at industrial and manufacturing sites due to the unavailability of direct benefits to these customers through the EE&C programs. There is no need to create another energy efficiency investment

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program. Accordingly, IECPA recommends the use of RGGI participation proceeds to fund the industrial and manufacturing contributions to Act 129 EE&C program. This could then enable greater investment in meaningful energy efficiency, demand response, and greenhouse gas reduction opportunities at these vital economy-driving and job-sustaining sites.

Large industrial and manufacturing customers face significant electricity rate increase pressure from a RGGI program. The modeling data indicates a 4% to 6% increase in electricity prices during the first ten years of the program. This cost increase could be offset by an elimination of Gross Receipts Tax ("GRT") on electricity usage by manufacturing customers. As with Act 129 EE&C charges, proceeds from RGGI participation could be employed to offset, or even exempt, these GRT payments by industrial and manufacturing customers.

IECPA hopes to address these, and other, issues in the course of the proposed rulemaking process, and appreciates the Board's attention and consideration of these matters of critical importance to Pennsylvania's industrial and manufacturing community, as it moves forward.

Sincerely,

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Rod E. Williamson
IECPA Executive Director
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CC. Sam Robinson, Deputy Chief of Staff, Governor Tom Wolf

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