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Jan 14 2021
Independent Regulatory
Review Commission

On behalf of Day & Zimmermann NPS,

I write in opposition to Governor Tom Wolf's proposed regulation, CO2 Budget Trading Program as published in the Pennsylvania Bulletin on November 7, 2020 (50. Pa.B. 6212), which will join Pennsylvania to the Regional Greenhouse Gas Initiative (RGGI). I urge the Independent Regulatory Reform Commission (IRRC) to reject Governor Wolf's proposed RGGI tax.

Day & Zimmermann NPS is based in Pennsylvania and provides maintenance and construction services to power and industrial facilities throughout the United States and Canada. We employ thousands of unionized craft laborers with well-paying jobs supporting their families and the communities in which they live. In Pennsylvania in particular, we provide ongoing coal yard maintenance and outage support services involving hundreds of employees.

RGGI would almost certainly eliminate these jobs throughout our state. And while we understand the interest in reducing carbon emissions for the sake of our environment, we believe that the particular approach taken by the RGGI is short-sighted, unsound as a matter of statute and public policy, and ultimately does not justify the devastating effects it would have on Pennsylvania families, communities, and our economy as a whole.

It is my understanding that IRRC reviews a proposed regulation based on certain criteria, including:

- Is the proposed CO2 Budget Trading Program authorized by statute and does it conform with the intention of the General Assembly?
- Will RGGI hurt the economy? Will it impact state tax revenues? Does RGGI have a negative impact on small businesses?
- Does RGGI protect the public health, safety, and welfare?
- Is RGGI feasible and reasonable for Pennsylvania?

Governor Wolf's proposed RGGI tax regulation fails on each of these criteria.

Pennsylvania law neither authorizes nor requires the regulation of carbon dioxide, a life essential gas (like oxygen). In addition, under the Pennsylvania constitution, RGGI is a $2.4 billion "tax" on every ton of carbon dioxide emitted from a fossil fuel plant. Any new tax must be expressly authorized by the General Assembly. In fact, every current RGGI state had express authorization from its legislature to implement RGGI or, like New York, regulate carbon dioxide.

RGGI will most certainly impair Pennsylvania's economy through fossil fuel plant closures and thousands of lost jobs. Pennsylvania income tax revenue will certainly decline along with local property and sales taxes collected in the affected communities. The adoption of RGGI will result in the loss of over 8,000 jobs, the loss of $2.87 billion in total economic impact, the loss of $539 million in employee compensation and the loss of $34.2 million in state and local taxes.

Two-thirds of our electric generation will be rendered uncompetitive, which in turn will lead to increased electric rates in-state and a migration of new generation investment across our borders to states like Ohio and West Virginia which do not participate in RGGI.

And for what benefit?

The Governor's own modeling confirms that most of the carbon dioxide reductions from plant closures or reduced generation will simply shift to neighboring, non-RGGI states, like Ohio and West Virginia. Those states will also take all the related jobs, capital expenditures and, yes, carbon dioxide and pollutants. As a result, carbon dioxide and real pollutants will increase across our border and in our region, which will more than offset any carbon dioxide reductions in Pennsylvania.

RGGI makes no sense for a state like Pennsylvania, which possesses an abundance of coal and natural gas resources, and as a result, has the most reliable, affordable and resilient portfolio of electric generation in the country. None of the other RGGI states can boast these natural resource and generation assets, nor do they generate the electricity they consume. Over the past few years, 16 new natural gas plants have been built (at a cost of nearly $16 billion) in Pennsylvania as a result of access to low-cost, reliable natural gas reserves and our competitive market, which will be undermined by the RGGI tax. The adoption of RGGI will mark an unprecedented action by the Commonwealth - the use of a regulation to destroy an industry and impose direct economic harm on Pennsylvania communities.

It is the fiduciary obligation of the IRRC to intercede on behalf of the citizens of the Commonwealth, and on behalf of the affected communities that have been denied their legal right to confront the bureaucracy that seeks to destroy their lives and livelihoods, and to reject this harmful regulation, lacking basis in Pennsylvania law, for the political power play that it is, and stop it from proceeding.

The PADEP's own Small Business Advisory Committee (SBAC), along with two other PADEP advisory committees - the Air Quality Technical Advisory Committee and the Citizens Advisory Council - rejected the draft RGGI regulation. Why? Because RGGI, while entirely lacking in identifiable environmental, health or safety benefits, will devastate businesses in impacted communities and increase electric rates for Pennsylvania business owners.

Thank you for considering my comments. Please reject the RGGI tax regulation and protect the jobs of thousands of Pennsylvanians struggling to make ends meet during this terribly difficult pandemic recession.

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President
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