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Via eComments

Environmental Quality Board
Rachel Carson State Office Building
P.O. Box 8477
Harrisburg, PA 17105-8477

RE: COMMENTS

Dear Board Members:

Schuylkill Energy Resources, Inc. ("SER") appreciates the opportunity to submit comments on Pennsylvania's proposed participation in the Regional Greenhouse Gas Initiative ("RGGI").

SER strongly supports the concept of a waste coal set-aside and/or any alternative that would permit the waste coal to energy industry to continue its removal, reclamation and remediation efforts. Further, SER recognizes and greatly appreciates the commitment of the Commonwealth to preserving the environmentally friendly waste coal to energy industry.

Without this commitment from the Commonwealth, most, if not all, waste coal to energy generation facilities will be forced to close and to terminate operations.

BACKGROUND AND BENEFITS:**Background of SER.**

SER is a 100-megawatt (net 80-megawatt) anthracite waste coal-fired cogeneration facility located in Mahanoy Township, Schuylkill County. SER uses waste coal from existing abandoned waste coal banks to generate energy. Waste coal has already been designated by Pennsylvania as a clean, preferred Tier II alternative energy source.

In addition to using a tier II alternative energy source, SER, along with other entities, contribute to the reclamation of Pennsylvania, specifically the anthracite coal region by taking *self-initiated remediation* efforts to reduce acid mine drainage, reduce stormwater runoff from waste coal banks, reduce CO₂ naturally emitting from abandoned existing waste coal banks, filling mine pits with safe beneficial ash from waste coal facilities and then re-vegetating the landscape; thus, creating a carbon sink effect.

If waste coal facilities such as SER are forced to close or cannot continue to operate, the waste coal banks will **naturally and perpetually cause significant pollution to the air, land, and water of Pennsylvania.**

Waste Coal Facilities derive energy from a tier II alternative energy source.

Pursuant to the Alternative Energy Portfolio Standards Act, 73 P.S. § 1648.1 et. seq., **energy derived from waste coal has been determined to be a Tier II Alternative Energy Source.** The Alternative Energy Portfolio Standards Act, being implemented by Pennsylvania Public Utility Commission, is designed to “**foster economic development, encourage reliance on more diverse and environmentally friendly sources of energy**”.¹ By designating waste coal as a tier II alternative energy source, Pennsylvania has already determined that **energy derived from waste coal is an environmentally friendly source of energy.**

Pursuant to Act 114 of 2020, the Commonwealth amended the AEPS tier II by closing the borders. The impact of this amendment will result in the continued operations of electric producers using tier II energy sources and it will most likely result in facilities that utilize tier II energy sources operating at a higher operating capacity (above 80%).

SER recognizes and greatly appreciates the Commonwealth’s *continued commitment to the environmental benefits of deriving energy from the tier II alternative energy source of waste coal.*

Waste Coal Facilities create a significant environmental benefit to Pennsylvania.

The Federal Surface Mining Control and Reclamation Act of 1977 (“Act”) governs reclamation activities of mining sites after the effective date of the Act. However, the height of production and excavation of coal in Pennsylvania pre-dates the effective date of the Act and therefore, those pre-Act waste coal sites are not governed by the Act. As a result, these pre-Act waste coal sites are naturally having adverse environmental impacts to the land, air and water quality in Pennsylvania. Some have estimated that approximately 180,000 acres of land holds more than 2 billion tons of coal refuse, which said waste coal banks naturally emit CO₂. SER uses the self-emitting CO₂ waste coal banks and turns it into a reliable source of energy. When viewing the process in a holistic manner, waste coal to energy facilities benefit the economy and environment without increasing net CO₂ emissions.

Further, such pre-Act waste coal banks result in acid mine drainage and stormwater runoff from waste coal banks that are a source of stream pollution.

Waste coal facilities, specifically SER together with other companies, are self-initiating remediation activities by turning waste coal into reliable energy, filling in mine pits with beneficial ash, reducing acid mine drainage, and re-vegetating the former waste coal bank areas. These large-scale reclamation activities have and will continue to eliminate a major source of acid mine drainage and stormwater runoff while improving the quality of Pennsylvania waterways as long

¹ “Alternative Energy and Economic Development in Pennsylvania”. Pennsylvania Public Utility Commission. https://www.puc.state.pa.us/general/consumer_ed/pdf/AEPS_Fact_Sheet.pdf

as such reclamation activities are economically feasible. In fact, these large-scale reclamation activities have a carbon sink effect.

The environmental benefits of waste coal facilities include but not limited to the following:

- A. Reduction in exposed waste coal acreage reduces CO₂ air emissions from pre-Act waste coal banks.
- B. Reduction in exposed waste coal acreage reduces dust emissions from pre-Act waste coal banks.
- C. Reduction in exposed waste coal acreage reduces solar heat absorption from pre-Act waste coal banks.
- D. Reduction in exposed waste coal acreage reduces contaminated stormwater runoff from pre-Act waste coal banks.
- E. Reduction in exposed waste coal acreage reduces contamination from acid mine drainage from pre-Act waste coal banks.
- F. After removal of waste coal, the acreage is revegetated which further reduces storm water runoff and provides CO₂ absorption as well as evapotranspiration.
- G. The resultant ash from these so called “rock burners” is more than 2/3 rock and minerals and is beneficially used to fill abandon mine pits.

SER, together with other entities, have found a way to use the ash byproduct that is created by SER's operations. This ash is beneficially used to fill abandon mine pits which provides several environmental benefits:

- a. By filling these dangerous pits, major safety improvements are provided that will never be accomplished by the Bureau of Abandoned Mine Reclamation (“BAMR”) as was originally intended by the Act.
 - b. The filling of existing mine pits with ash significantly reduces up gradient stormwater from flowing into these existing mine pits; thus, the volume and pollutant load of contaminated acid minewater discharge is reduced from entering downstream waterways. This has the overall effect of enhancing and improving the water quality in Pennsylvania.
 - c. After the pits are filled and the area is covered with vegetation, the revegetated area further reduces stormwater runoff and provides CO₂ adsorption as well as evapotranspiration.
- H. The remediation of waste coal banks enhances the aesthetical appearance of the landscape.

In addition to enhancing the aesthetical appearance of the landscape, both the areas of waste coal removal and the areas of ash placement are safe, healthy, and green. We strongly support and greatly appreciated the Commonwealth's commitment to our industry by providing the waste coal set-aside. Otherwise, these waste coal facilities will close down resulting in the Commonwealth and taxpayers having the financial burden of reclamation of these pre-Act abandoned waste coal sites.

Economic Benefits.

Waste coal facilities in Pennsylvania directly create jobs for over one thousand (1,000) individuals in Pennsylvania, in addition to the innumerable indirect jobs and industries that service the waste coal to energy facilities.

Specifically, SER employs on average sixty-five (65) individuals. The average wage for SER employees is greater than the median household income in Schuylkill County, Pennsylvania. However, this does not tell the entire story. SER utilizes the services of other companies to employ individuals at the waste coal banks in order to transport the waste coal to SER, provide maintenance work, and other services incidental and necessary for the waste coal facility to operate. These waste coal haulers, maintenance workers, transporters, and other indirectly employed workers are both non-union and union workers. Additionally, SER hires outside contractors for the various projects on and off-site.

Schuylkill County has seen an economic and employment decline in many of its communities. Unfortunately, when you drive through many communities, the physical scars left behind in pre-Act waste coal banks and the blighted condition of many properties due to the decline of the coal industry are visible and apparent. Many municipalities are experiencing major challenges due to vacant properties, abandonment, and decay resulting from the decline of the coal industry. However, in addition to providing reliable energy from a Tier II alternative energy source, the waste coal-to-electricity industry has become an important cog in supporting these already distressed communities, and serves as a bright spot for economic and employment opportunity in an otherwise blighted and economically distressed area.

Without a flexible waste coal set-aside and/or an alternative to preserve the waste coal industry, these waste coal facilities will be forced to close resulting in the loss of well-paying jobs in already distressed communities together with significant negative consequences to the environment and communities.

COMMENTS:

Proposed Waste Coal Set Aside:

SER greatly appreciates the continued commitment of the Commonwealth to the waste coal to energy industry and the Commonwealth's recognition of the environmental benefits of this industry, which is eloquently stated in the proposed rulemaking as follows:

“The Board is establishing this waste coal set-aside in the proposed rule making because waste coal-fired units provide an environmental benefit of reducing the

amount of waste coal piles in this Commonwealth. Reducing waste coal piles is a significant environmental issue in this Commonwealth, because waste coal piles cause air and water pollution, as well as safety concerns. Waste coal-fired units burn waste coal to generate electricity thereby reducing the size, number and impacts of these piles otherwise abandoned and allowed to mobile and negatively impact air and water quality in the Commonwealth. In recent years, waste coal-fired units have struggled to compete in the energy market, due in part to low natural gas prices, and several units have shut down or announced anticipated closure dates. Given the environmental benefit provided, the Board determined that it is necessary to assist owners or operators of waste coal-fired units with meeting their compliance obligation under this proposed rulemaking. This legacy environmental issue from this Commonwealth's long history of coal mining further underscores why it is vital to not leave additional environmental issues, like climate change, for future generations to solve."

Further, the proposed rulemaking for the waste coal set-aside account reads as follows:

"After reviewing the last 5 years of CO2 emission data from waste coal-fired units, the Department determined that the CO2 allowance set aside should be equal to the total of each waste coal-fired unit's highest year of CO2 emissions from that 5 year period".

We support the concept that each waste coal-fired facility should be viewed individually when the Department is allocating the CO2 allowance, which is the approach set forth above and as set forth in the proposed rulemaking. The proposed waste coal set-aside account is a step in the right direction in preserving the waste coal to energy industry.

Potential Alternatives:

However, SER also recognizes that other waste coal to energy facilities are not in the same position as SER and therefore, the proposed rulemaking may be insufficient for other facilities within the industry to continue to operate. Further and underscoring the state of the industry, the Commonwealth recognizes that waste coal to energy facilities have struggled to compete in the energy market resulting in several units curtailing operations and/or shutting down. As a result, SER would support alternative approaches to permit the waste coal to energy industry to continue its environmentally friendly activities, which said alternative approaches include:

1. Legacy Emissions to the 2010 Calendar Year:

As stated above, SER recognizes that the current waste coal set-aside will permit SER to continue operations, as it has been operating at a higher capacity than other facilities. SER recognizes that a look back period to the 2010 calendar year would benefit the industry as a whole and permit other facilities within the industry to continue to operate. As an alternative, SER would support a look back period to the 2010 calendar year.

2. Maximum Projected Annualized Emissions (PAE):

Remaining within the current 5-year timeframe, an alternative would be to use the Projected Annualized Emissions method. By utilizing the PAE method, each facility's legacy emissions would be defined as the amount of CO2 emissions in tons equal to the annualized total of the highest month of CO2 emissions from a waste coal-fired facility during the five-year period. The PAE method is used by PaDEP and EPA in other cases and provides a strong basis for calculating projected emissions allowances for the proposed set aside. SER supports this concept as an alternative.

3. Other Alternatives:

SER understands that our trade association and other waste coal facilities may have other alternatives to permit the industry, as a whole, to continue to provide the environmental benefit of reducing the amount of legacy waste coal piles in the Commonwealth together with other benefits as set forth herein. We would be open to supporting other alternatives such as excluding waste coal to energy industry from RGGI.

CONCLUSION:

We greatly appreciate the Commonwealth's continued efforts to recognize and to sustain the waste coal to energy industry. Without the Commonwealth's continued efforts, this industry would no longer be able to continue its reclamation and environmental activities together with providing good paying jobs in economically distressed communities.

As a stakeholder, we would welcome the opportunity to be actively involved. Thank you again for the opportunity to comment on the proposed rulemaking.

Respectfully submitted,

SCHUYLKILL ENERGY RESOURCES, INC.



Alexander Brush, General Manager