



Stephen Hoffman

From: ecomment@pa.gov
Sent: Monday, December 7, 2020 1:32 PM
To: Environment-Committee@pasenate.com; IRRC; environmentalcommittee@pahouse.net; regcomments@pa.gov; ntroutman@pasen.gov; timothy.collins@pasenate.com; gking@pahousegop.com
Cc: c-jflanaga@pa.gov
Subject: Comment received - Proposed Rulemaking: CO2 Budget Trading Program (#7-559)

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Re: eComment System

The Department of Environmental Protection has received the following comments on Proposed Rulemaking: CO2 Budget Trading Program (#7-559).

Commenter Information:

Michael Sowko
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Comments entered:

Good day! The Customer Choice and Competition Act that was passed by the state assembly in 1996 which de-regulated the generation side of the electrical utility industry has enabled the electricity market forces to, over time, weed out the inefficient and expensive generation plants across the state. This resulted in lower generation costs for all consumers. The most efficient and cheapest generating plants have survived, the inefficient and expensive ones have closed. This end result has been achieved because of one important aspect: all of the plants competed against each other on a level playing field! Implementation of the Regional Greenhouse Gas Initiative will have the same effect as a direct tax or fee on emissions because RGGI allowance costs are passed on from electric generators to distribution companies to consumers. Since RGGI would be implemented in a competitive generation market, the addition of a carbon compliance cost that applies to only a subset of electric generators will place our generation assets at a competitive disadvantage, particularly in the PJM market. A level playing field for the existing power plants will not exist if RGGI is to be put in place. RGGI allowance costs will increase consumers bills, inflict a fatal blow to several key job producers throughout the state, eliminate good paying power plant jobs and thousands of other industries supporting blue collar jobs. Income and sales tax revenue will drop thus putting more of a burden on the unemployment compensation system and other social programs. Look to the lower Mon Valley located in Western PA for an example of this. When the Elrama, Mitchell and Hatfield plants were closed in 2010, 2013 and 2013 respectively, the loss to the local economy and disruption to the families

of the workers whose careers were cut short was devastating. Shutoff moratoria across the country, allowing COVID-impacted residential and small business customers to defer utility payments without the threat of losing service, have been invaluable to millions. When the pandemic finally fades, any economic recovery will be impacted by potentially huge debts to utilities, debts that have yet to be addressed anywhere. State regulators will decide whether the indebted customers, all utility customers, investors, taxpayers — or some combination of those groups — should pay this bill. A carbon tax on top of this debate will certainly create financial stress on the average residential customer, especially the low income, minority and retired populations of Pa. The incoming federal administration is proposing a carbon tax plan that may start off with a fee of \$40 per metric ton, with a yearly increase of 5%. If implemented, would Pa. consumers and businesses then be burdened with paying DOUBLE the carbon tax? Let's put into place business friendly policies that will promote Pennsylvania as a business-friendly state! There is a very good chance that future investment in this state by prospective companies will decline because of the increase in energy costs. This program would be counterproductive to Pennsylvania's recovery going forward. Emissions leakage from other states will undermine any benefits of RGGI for Pennsylvania. A regional program such as this will shift jobs to other states. A better policy to reduce CO2 emissions is to encourage innovation rather than rely on taxes and regulation. RGGI is not feasible or reasonable for Pennsylvania. I am urging the Independent Regulatory Reform Commission to reject Governor Wolf's proposed RGGI tax.

Best regards,
Michael Sowko
Retired

No attachments were included as part of this comment.

Please contact me if you have any questions.

Sincerely,
Jessica Shirley

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