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COMMENTS OF EXELON CORPORATION

Delivered by Lael Campbell, VP State Government Affairs, on December 10, 2020

Good evening. My name is Lael Campbell, and I offer brief comments on behalf of Exelon Corporation. We have commented at several subcommittee opportunities throughout 2020 and will submit more detailed comments on specific design questions in writing next month.

Thank you very much for the opportunity to offer our support of the Pennsylvania Department of Environmental Protection's proposed rule that would allow Pennsylvania to participate in the Regional Greenhouse Gas Initiative, or RGGI. We urge DEP to finalize this rule in time to enter RGGI on January 1, 2022 and would like to underscore the importance of avoiding undue delay so this timeline can be met. We further support the proposed emissions budget of 78 million tons in 2022, decreasing to 58 million tons in 2030.

As you know, Exelon is a long-time member of the Pennsylvania community, serving several million PECO customers directly as well as indirectly through Exelon Generation and our Constellation subsidiary. The company has an estimated annual economic impact of \$4.5 billion in Pennsylvania, supporting more than 9,600 local jobs and producing \$760 million in labor income.

Exelon has a long history of working to meet Pennsylvania's energy needs while at the same time working to make the air citizens breathe cleaner and healthier. We are the country's and the Commonwealth's largest producer of emission-free electricity, with a clean portfolio that includes nuclear, hydroelectric, wind, and solar generation.

We believe this starting point for the budget – essentially current emissions, then decreasing in coordination with other RGGI states – strikes the right balance by setting up a framework for meaningful emissions reductions while minimizing consumer costs. This budget level also retains and in fact likely encourages maintenance of Pennsylvania's status as an electricity exporter, particularly to other RGGI states who have stated a preference for cleaner electricity. Lastly, we have heard concerns expressed that the 2030 budget level is too close to the reference or business-as-usual case, so joining RGGI would be wasted effort. We respectfully disagree and note that the nine million tons avoided *per year* by 2030 is itself significant. Further, this of course assumes the reference case would occur and that it would not be higher without a driver such as RGGI, which seems uncertain at best. But more importantly, with a pollutant like carbon dioxide (CO₂) that accumulates over time, each reduction matters. Unlike nitrogen oxides (NO_x) or other pollutants that have limited effect across years or even months, CO₂ accumulates in the atmosphere for hundreds of years. Thus, it is the cumulative emissions that matter more than any particular annual variation. The 163 million tons DEP projects RGGI will decrease within Pennsylvania over only eight years are very significant.

We understand others have raised the suggestion that this important regulatory action be delayed due to the COVID-19 pandemic. We urge DEP not to delay for two main reasons: First, the current regulatory timeline would only enable Pennsylvania to join RGGI in 2022. Second, the value of clean air has never

been clearer, and these important protections should not be delayed, particularly given new understanding about the interaction of the novel coronavirus and poor air quality.

Entering RGGI on January 1, 2022 at the identified budget level is critical to preserving the Commonwealth's remaining nuclear plants. The value of RGGI to preserving Pennsylvania's nuclear capacity was highlighted recently by Energy Harbor Corporation's announcement to rescind the shutdown decision for the Beaver Valley nuclear facility in Shippingport, which previously had been scheduled to retire prematurely next year.¹ The announcement specifically cited Pennsylvania's decision to begin this regulatory process in time for a 2022 program start date, and cautioned that any delay could affect this decision. RGGI works in part by sending a positive price signal to clean generation sources through the energy markets, and the efficacy of that signal is a direct consequence of whether the budget is set appropriately. Of course, RGGI also works via directing investment to further emissions reductions, and these are not captured in the current modeling. At nearly \$400 million annually, these investments would further reduce a significant amount of air pollution in the Commonwealth. This would allow for a wide variety of projects that significantly reduce air pollution while improving Pennsylvanians' quality of life, including weatherization and building repair programs that will reduce the long-term need for energy assistance. Our experience through PECO's related programs shows how the significant value these programs offer Pennsylvanians and clean air, and welcome the additional investment that RGGI funds would allow.

Joining RGGI provides Pennsylvania with a proven, efficient tool to begin addressing climate change and supporting the preservation and deployment of clean sources of electricity, including nuclear. It is a modest, prudent insurance policy to help maintain our existing clean electricity resources and encourage continued expansion of emission-free electricity. We urge Pennsylvania DEP to continue this process with the urgency it deserves in order to achieve a January 1, 2022 program start. Artificially extending the regulatory process via comment period or other extensions would only delay implementation of this important public health protection and create more uncertainty for Pennsylvania's clean electricity resources.

Thank you for the opportunity to submit this testimony this evening.

For questions please contact:

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¹ Litvak, Anya and Laura Legere. "Beaver Valley nuclear plant will remain open past 2021, owner says." Pittsburgh Post-Gazette. March 13, 2020. Available at <https://www.post-gazette.com/business/powersource/2020/03/13/Beaver-Valley-nuclear-plant-remain-open-past-2021-Shippingport-Energy-Harbor-FirstEnergy/stories/202003130149> (accessed May 6, 2020).