



Stephen Hoffman

From: ecomment@pa.gov
Sent: Wednesday, December 30, 2020 4:32 PM
To: Environment-Committee@pasenate.com; IRRRC; environmentalcommittee@pahouse.net; regcomments@pa.gov; ntroutman@pasen.gov; timothy.collins@pasenate.com; gking@pahousegop.com; siversen@pahouse.net
Cc: c-jflanagan@pa.gov
Subject: Comment received - Proposed Rulemaking: CO2 Budget Trading Program (#7-559)

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The enclosed comment was received as part of the following testimony:

Testimony name: Public Hearing 5 (1pm) - #7-559
Testimony date: 12/10/2020 12:00:00 AM
Testimony location: WebEx

Re: eComment System

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

Commenter Information:

Gary Cline
 Homer City Generation LP (gary.cline@nrg.org)
 1750 Power Plant Road
 Homer City, PA 15748 US

Comments entered:

Homer City Generating Station – General Information

- Homer City Generating Station is an independent electrical generating station located in Indiana County.
- Homer City has three generating units which generate 1,880 MW of electrical power which is supplied to the PJM electrical system.
- Homer City currently has 168 full time employees and typical utilizes about 50 contractors during operations. In addition, the Station's supply chain supports numerous other businesses.
- Homer City currently pays \$100 MM annually for payroll, contractors and vendors (excluding fuel costs). Homer City also annually pays \$1.7 MM in state taxes and \$1.4 MM in local taxes. If the Commonwealth joins RGGI, Homer City would be forced to shut down and these business

and tax revenues would be permanently lost to Indiana County and the Commonwealth.

RGGI regulations will cause stranded investments for air emissions controls installed at Homer City Station

- Since 2012 Homer City Station has invested more than \$812 MM to comply with new state and federal air quality regulations (MATS, RACT II).

- As a result of these investments Homer City Station has reduced SO₂ emissions by 95%, NO_x emissions by 75% and particulate emissions by 60%.

- The upgraded emission controls were necessary for Homer City Station to continue to produce electricity and to continue providing jobs for its employees, contractors and suppliers.

- Unlike utility-owned generating stations, which can recover their operating costs from their rate payers, Homer City Station must recover its costs, including the costs of pollution control improvement projects, from the price of the electricity it sells.

- Homer City Station made the investment in these upgraded controls with the reasonable expectation that compliance with the new regulations would allow it to continue generating electricity, at competitive prices and to continue to be a positive contributor to the local and state economy.

- At the time these investment decisions were made, there was no indication that the Commonwealth was considering joining RGGI.

- If the Commonwealth joins RGGI, Homer City Station will be forced to purchase CO₂ allowances. With this additional operating cost, Homer City will not be able to generate electricity at a cost competitive with other generators who are not in a RGGI state, such as Ohio and West Virginia.

- RGGI will impose substantial regulatory and economic burdens on Homer City, which will jeopardize its ability to operate, leaving almost a billion dollars of new investments stranded, interfere with Homer City's investment-backed expectations and cause an economic disaster for its employees, contractors, suppliers and neighbors.

RGGI regulations will cause generation to shift to nearby non-RGGI areas and corresponding emissions increases will impact Pennsylvania without the corresponding economic benefit.

- The New England states and New York, that have adopted RGGI regulations have replaced in-state power generation and jobs with imported power from Canada.

- When Delaware and Maryland enacted RGGI regulations their in-state generation was replaced with imported power largely from Pennsylvania, West Virginia and Virginia.

- Pennsylvania is not able to import Canadian power. The replacement power for lost generation in Pennsylvania will be provided by power plants located in Ohio, West Virginia and other states where RGGI rules do not apply.

- This will result in no net reduction of CO₂ emissions for the region, just lost jobs and lost state

and local tax revenues for the townships and counties where the shutdown power plants are located.

- Increased generation from non-RGGI states will also result in more cross state CO2, NOx and SO2 emissions entering Pennsylvania. These additional out of state emissions will offset any emission reductions in Pennsylvania caused by the RGGI taxes on Pennsylvania generation

No attachments were included as part of this comment.

Please contact me if you have any questions.

Sincerely,
Jessica Shirley

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