

**Comments before the:
Pennsylvania State Senate
Committee on Community, Economic, and Recreational Development
&
Committee on Environmental Resources and Energy**

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PRESENTED BY:

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Good afternoon, Chairman Yudichak, Chairman Yaw, and committee members. Thank you for the privilege of testifying today. I am David N. Taylor, and I am the President and CEO of the Pennsylvania Manufacturers' Association, the statewide nonprofit trade organization that represents the people who make things in our commonwealth.

To begin, I need to draw a distinction between American energy and imported energy. American energy is domestically produced from domestic sources. Pennsylvania coal and natural gas are native to the commonwealth in great abundance. We can harvest and consume those resources to generate power, all within our own borders.

In contrast, imported energy is not only that which is physically brought in from outside the country, like tankers of petroleum or liquefied natural gas. Energy production that requires non-native inputs like rare earth minerals is also imported because without those foreign inputs we can't generate our own power.

There is no difference between being dependent on OPEC for oil and being dependent on China for rare earth minerals for solar panels and wind turbines.

The dictatorship in Beijing dominates the mining and distribution of rare earth minerals and holds an actual monopoly on the refining of rare earths, which is highly polluting and ripe with exploitation. The U.S. buys all of our rare earths from China. Even if we found and mined enough of these minerals here, which we don't, we would still have to send them to China for processing.

With that in mind, Pennsylvania's contribution to America's energy portfolio has made our nation energy independent and strengthened our national security.

Unfortunately, the political class in New York and New Jersey is working to depress or prevent Pennsylvania energy production, especially the development of the world-historic Marcellus Shale formation. A series of offensive actions by those states tells the story:

The Constitution Pipeline, which would have delivered clean-burning Pennsylvania natural gas to the energy-starved New England states, was blocked by New York state when Albany withheld water quality permits for the project; essentially putting in place standards that couldn't be met. Please note that much of the energy consumed in the New England states comes from home heating oil, wood burning stoves, and diesel generators, all of which are less clean than natural gas.

New York and New Jersey used their leverage over Pennsylvania through the Delaware River Basin Commission to prevent landowners in Wayne and Pike counties from exercising their property rights to earn lease payments and royalties from natural gas production. Shamefully, the Wolf Administration collaborated in this theft from Pennsylvania citizens.

And now, the PennEast Pipeline project has been placed on indefinite hold, despite a recent ruling by the U.S. Supreme Court forcing the state of New Jersey to comply with the authority of the Federal Energy Regulatory Commission (FERC) under the Natural Gas Act. Because New

Jersey Governor Phil Murphy, who has vowed to kill the project, is headed toward reelection and President Biden's new appointees to FERC are unlikely to allow a separate Pennsylvania-first building phase for the pipeline, the consortium was forced to put the project on ice. That is a \$1.6 billion investment that will not happen and one billion cubic feet per day of Pennsylvania gas that will not reach customers.

The biggest challenge to standing up the new Pennsylvania natural gas industry is expanding delivery to customers to increase overall demand to a level that will sustain maximum production. We need more pipeline infrastructure to deploy that energy, which is why the radical Greens are attacking pipeline projects to prevent Pennsylvania natural gas from reaching consumers.

Of course, consumers in our neighboring states still need energy. The deindustrialization of upstate New York has made that region poorer than Mississippi or Alabama. The continuing outmigration of New Yorkers has led to the loss of another two U.S. House seats.

As for New Jersey, my friend Ray Cantor from the New Jersey Business & Industry Association will explain the situation to you. Sad to say: when the Polar Vortex returns this winter, Garden State consumers will pay the price.

Pennsylvania leaders need to build on Pennsylvania strengths to earn more investment, increase production, create better-paying jobs, and build out the tax base. Here's an example of how that can work:

In the city of Chester in Delaware County, the Kimberly-Clark company is making a \$150 million upgrade to their existing factory, taking down a coal-fired cogeneration facility and replacing it with a cleaner-running natural gas-powered system. This upgrade will cut the plant's emissions in half, making it more efficient and more defensible to the regulators. Most importantly, it means that Kimberly-Clark will continue to be a major employer and major taxpayer in one of Pennsylvania's most challenged urban communities for decades to come.

The upgrade was only possible because of the Adelpia Gateway natural gas pipeline, without which the Kimberly-Clark upgrade almost certainly would not have happened, meaning that the existing outmoded plant would have eventually been closed, leaving Chester with another brownfield, fewer jobs, and a smaller tax base.

Pennsylvania has great strengths, and we need to build on them. Pennsylvania is the number one exporter of electricity and the number two producer of natural gas. Our future is unlimited if we commit to a pro-production agenda for Pennsylvania.

If we are going to keep control of our destiny, we have to recognize that anti-energy forces are at work in Pennsylvania, to devastating effect. Because green activists were able to deny a local permit in Allegheny County, a planned \$1.4 billion upgrade for U.S. Steel's Mon Valley Works has been called off and that investment will now go elsewhere.

The emission reductions that would have come from natural gas conversion will now be achieved by deactivating several batteries at the Clairton Coke Works, unemploying hundreds of steelworkers and reducing the facility's output.

This is the outcome that the radical greens prefer. This is the outcome they worked to achieve. This is the outcome they celebrated when U.S. Steel announced the cancellation of an investment that would have offered four million manhours that our skilled tradesmen and laborers in southwestern Pennsylvania will not get to work and will not be paid for.

I haven't seen the specific breakout, but I suspect the lost opportunity from the \$1.6 billion PennEast project is comparable.

To defend our workers, our tax base, our economy, and our future, policymakers in Harrisburg need to join across the aisle to advance a pro-production energy agenda for the commonwealth.

The most critical step at this hour is to require the consent of the General Assembly for Pennsylvania to join the "Regional Greenhouse Gas Initiative" (RGGI). Again, the RGGI states are the same ones working to thwart Pennsylvania energy production. They do not deserve to be rewarded and we should not put our fate in their hands.

Major concessions should be required from Trenton and Albany before we consider giving them any further say in Pennsylvania's energy future. At the very least we should require those states to meet their obligations under the commerce clause of the U.S. Constitution and stop restricting interstate trade.

Every interstate compact to which Pennsylvania is a party was approved by the General Assembly and that precedent must be defended and upheld.

Pennsylvania's natural energy resources can drive our prosperity, keep America sovereign and energy independent, and continue to improve our quality of life, including our environment.

To do that, our leaders will have to mobilize the highest degree of resolve to fight the green fanatics who want to instead rely on foreign adversaries for our energy, our environmental, and our economic future.