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Martin Williams, International Brotherhood of Boilermakers
Testimony Prepared for the Senate Community, Economic & Recreational Development and
Environmental Resources & Energy Committees
Economic Impacts of RGGI
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Good morning, Chairman Yudichak, Chairman Yaw, and other members of the Community, Economic & Recreational Development and Environmental Resources & Energy committees. My name is Martin Williams and I am the National Coordinator of State Legislative Affairs for the International Brotherhood of Boilermakers. Thank you for the opportunity to participate in today's discussion regarding the expected economic impacts of Pennsylvania's participation in the Regional Greenhouse Gas Initiative, or RGGI.

The International Brotherhood of Boilermakers is an international labor union that represents approximately 50,000 Boilermakers throughout the United States and Canada, including 3,500 Boilermakers here in Pennsylvania. Our members work in a variety of industries including power generation, refining, chemical, steel, shipbuilding, rail transportation, and manufacturing. In particular, and in the context of today's hearing, our two state construction locals located in Pittsburgh and Philadelphia work with our numerous signatory employers to maintain much of the state's fossil-based power generating capacity, providing Pennsylvania with affordable, reliable electricity.

Since Governor Wolf's 2019 executive order announcing his intent to pursue Pennsylvania's participation in RGGI, we have strongly and consistently expressed our position that RGGI will have substantial consequences for our members and thousands of other workers. However, today is an opportunity for us to reinforce what that expected impact will be. Construction and maintenance of power generation facilities provide a significant source of man-hours and work opportunities for our Pennsylvania construction Boilermakers. From 2016-2021, our members recorded nearly 7.5 million man-hours worked in the electric generation sector, which is approximately 59% of all recorded man-hours during that period; and 49% of individuals referred to work through our Pittsburgh and Philadelphia locals were to facilities expected to comply with RGGI. During the same period, our members earned over \$950 million in wages, health benefits, and retirement benefits, of which over \$550 million were attributed to work in the power generation sector. Loss of man-hours and work opportunities due to compliance with RGGI will severely compromise the financial security of our Pennsylvania members.

Though our position regarding the expected economic impact RGGI will have on our members has remained consistent, the extent of the expected impact has only grown in intensity since 2019. At the time of Governor Wolf's announcement, RGGI allowance prices were \$5.20. Taking that into account

along with facility emissions levels at the time, we and others concluded that the costs of compliance would be unsustainable for Pennsylvania's remaining coal-fired power plants and result in premature plant closures. Initial and updated DEP projections aligned with that conclusion by showing a sharp decline in statewide carbon emissions during the first year of participation in RGGI, which suggests swift plant retirements. Three weeks ago, RGGI allowance prices increased to \$13.50, which represents a 159% increase since September 2019. This also represents a 159% increase in expected plant compliance costs. If there was any doubt about the bleak operational future of coal and natural gas power plants under RGGI, that doubt should now be eliminated. Participation in RGGI will close coal plants and render many natural gas power plants uncompetitive, leading to thousands of lost jobs, including those of our members.

RGGI's expected economic impact is not limited to lost jobs. Under RGGI, Pennsylvania residents will most likely experience double digit increases in their monthly electricity bills and communities where plants reside will lose millions of dollars in tax revenue that helps fund school districts and essential services. As we are all aware, much has changed in the world since 2019—global pandemic, 40-year high inflation, high gas prices. Participation in RGGI will add one more financial stressor to the lives of everyday Pennsylvanians while doing very little to lower regional carbon dioxide emissions in the power sector. According to DEP's analysis, joining RGGI will only lower regional carbon emissions by less than 1%. We can and must find an alternative to RGGI that invests in climate mitigation projects, workers, and communities.

One alternative proposed recently is an amendment to HB 637 (Struzzi), which seeks to allocate \$250 million in American Rescue Plan funds for research and development of carbon capture, hydrogen, and small modular nuclear reactor projects, and assistance for workers and communities impacted by plant closures. This is an approach that we support and is consistent with our state and national advocacy for carbon capture, hydrogen, and advanced nuclear technologies, particularly in pursuit of development of carbon capture and hydrogen hubs given Pennsylvania's industrial and geologic profiles. We also support this approach since it invests in climate mitigation strategies without the inherent flaws of the RGGI program. All solutions are needed to meaningfully address climate change and investments in these technologies will create jobs while allowing our members to continue using their skills and training.

Participation in RGGI is not in Pennsylvania's interest economically or environmentally, will prematurely close our state's remaining coal-fired power plants, and eliminate thousands of good-paying jobs. However, we have an opportunity to take a different approach and we call on leadership in both chambers to engage on sensible alternatives to RGGI, such as the amendment to HB 637. Thank you for the opportunity to comment on RGGI's expected economic impact and I look forward to answering any questions you may have.