

MEMORANDUM

Date: June 23, 2009

To: The Honorable Members of the PA House of Representatives

From: Gene Barr, Vice President, Government & Public Affairs, PA Chamber of Business and Industry
David Taylor, Executive Director, PA Manufacturers Association
Kevin Shivers, Executive Director, National Federation of Independent Business
Doug Biden, President, Electric Power Generation Association
Stephen Rhoads, President, PA Oil and Gas Association
David Kleppinger, Counsel, Industrial Energy Consumers of PA
Rolf Hanson, Executive Director, Associated Petroleum Industries of PA
George Ellis, President, PA Coal Association
Pamela Witmer, President, PA Chemical Industry Council
J. Michael Love, President, Energy Association of PA

Re: HB 80, Amends the Alternative Energy Portfolio Standards Act

On behalf of our thousands of Pennsylvania employers, from Sole Proprietors to Fortune 100 companies, we write in opposition to HB 80, amending the Alternative Energy Portfolio Standards Act (AEPS Act), scheduled for consideration by the House.

HB 80 would increase the mandated amounts of Tier 1 renewable energy from 8% of electricity consumed by customers to 20% in the years 2021 to 2026. It would also increase the solar energy mandate from .5% to 3% in the years 2021- 2026, and create an additional mandate of up to 3% by 2015 for coal fired power plants using carbon capture and sequestration technology.

Policymakers today cannot accurately predict what technologies will exist or be economically viable in the years 2021 to 2026. For example, the development of Marcellus shale natural gas reserves was not anticipated a decade ago. By increasing mandated percentages of particular technologies, it creates inflexibility in the energy market and discourages innovation.

Clearly, abundant and affordable energy is critical for Pennsylvania's business community and its citizens and the Commonwealth must take reasonable steps to assure adequate supplies at affordable prices in the future. Our belief is that renewable energy plays a critical part in that long term picture. Many of the member companies of the organizations listed above recognize this, and are making great strides on their own to develop and use alternative energy sources. Unfortunately, we are concerned that the increased mandated amounts contained in the HB 80 could lead to higher energy costs for both producers and consumers, and could negatively impact the reliability and adequacy of Pennsylvania's electric generation supply.

Pennsylvania should steer clear of government mandated energy requirements. Pennsylvania's plan must be one that balances the energy consumption needs of Pennsylvanians with viable

energy sources to meet those needs. Renewable energy must be part of the mix, but so too should traditional forms of energy like environmentally friendly nuclear power, natural gas, as well as clean coal. Pennsylvania will need all forms of energy in order to meet its growing demand.

The U.S. Congress is developing a climate change bill that could establish different requirements than the current AEPS or HB 80. If Pennsylvania establishes more stringent requirements than the federal government, it will put our economy at a severe competitive disadvantage and cost us jobs.

Does the legislature really want to go down the path of adding more to the cost of energy when electric rate caps are set to expire?

We urge you to vote "No" on HB 80.

Thank you for your consideration.