Honorable Josh Shapiro  
Governor  
225 Main Capitol  
Harrisburg, PA 17120  

Dear Governor Shapiro:

We write to express our continued concern with the Wolf Administration’s unilateral action forcing Pennsylvania into the multi-state carbon tax program, also known as the Regional Greenhouse Gas Initiative (RGGI).

As you are aware, RGGI would impose a multi-billion-dollar compliance burden upon Pennsylvania electric generating units, which would then ripple through our entire state economy. Impartial analysis from the Independent Fiscal Office (IFO) projects RGGI could nearly quadruple new electricity costs for consumers. Among the many shocking details of the latest IFO report, Pennsylvania energy generators could spend upwards of $781 million annually on emissions credits at the RGGI auctions – nearly four times the amount anticipated by the administration’s taxpayer-funded analysis used to justify our participation in RGGI in 2020.

The IFO also warned our members that “those costs would be pushed through to final customers.” These customers include anyone paying an electric bill, including key industries in Pennsylvania such as manufacturing facilities, schools, and hospitals. Of course, every day Pennsylvanians would also see an increase in their electric bills, as well as in the prices they pay for goods and services. This will be particularly harmful to low-and fixed-income households already smothered by energy poverty and runaway inflation.

According to the Penn State Center for Energy and Law Policy, residential electric rates would increase by 7.8 percent annually between 2022 and 2030. That translates into devastating bills for low-income residents who already spend about 15 percent of their household budgets on energy costs. Studies also indicate the state’s employers will be crippled
by the skyrocketing energy costs, meaning the costs of goods will increase or employers will relocate.

Beyond the economic impact of higher electric bills and shuttered employers, we also must examine the realities of RGGI's promised environmental impacts. RGGI’s member states have not achieved the level of emission reductions Pennsylvania has without membership. Significant CO2 reductions have been achieved through the use of state-of-the-art technology in the energy sector. As a result, CO2 emissions from fossil fuel power generation in Pennsylvania have been reduced by 38 percent since 2002. In fact, emissions in the United States are lower than they have been since the beginning of the Industrial Revolution.

We firmly believe responsible, efficient use of fossil fuel and green energy can co-exist in a well-balanced energy plan. Pennsylvania generates more energy than our residents need each day, making energy production and sales a critical part of our state’s economy. As we have seen in Texas, any decisions on energy policy will have a significant impact on our day-to-day lives.

Importantly, because power plants in neighboring states like West Virginia, Ohio, and Kentucky are not subject to the RGGI rule or any similar regulation, the economic pressures from Pennsylvania's participation in RGGI would mean Pennsylvania will import more electricity from out-of-state, driving up electricity generation in those states. The result is RGGI imposes a multi-billion-dollar compliance burden upon Pennsylvania citizens, businesses, and industries without any meaningful reduction in CO2 emissions.

In addition to seriously threatening the stability of our own electric grid and setting Pennsylvania on the same path as Texas, too many other questions remain unanswered about RGGI and the carbon tax it would impose. Pennsylvania's base load generation has already been affected by the closure of the Cheswick coal fired generation facility near Pittsburgh. The impact on our base load was glaringly brought to light just a few weeks ago when for the first time in recent history, and perhaps ever, PJM warned of possible rolling blackouts during the extreme cold period around Christmas. In fact, when electricity is needed most, extreme cold for example, renewables are the least efficient, which is why we need to have reliable base load generation. Over the years, thoughtful, independent testimony from a diverse group of experts in government, business, and organized labor confirms the many concerns legislators have raised about the administration's unilateral and unconstitutional decision to push Pennsylvania into RGGI without legislative action.

You have previously indicated your own doubts about whether Pennsylvania's participation in RGGI is the best approach for the Commonwealth. Understanding a full resolution of the legal challenges to Pennsylvania's CO2 Budget Trading Program regulations
are still pending in court, we submit to you a list of actions your administration must take immediately to ensure RGGI's negative impacts on Pennsylvanians are prevented, regardless of the ultimate outcome of the litigation.

DEP representatives recently testified—under oath—that DEP has full discretion to control Pennsylvania's portion of the CO2 Budget Trading Program. Former DEP Secretary Patrick McDonnell testified that, "[i]f we do not want to participate in the RGGI regional program, we can essentially implement our regulation and restrict it to Pennsylvania's borders for Pennsylvania's entities . . . "). See 25 Pa. Code § 145.401.

While the RGGI final-form rulemaking recognized and planned for the additional logistical challenges presented by a mid-year start if Pennsylvania began implementing the program sometime in 2022, the final published rulemaking does not contemplate starting the program in the middle of a calendar year. See 25 Pa. Code § 145.341.

With these factors in mind, we suggest the following actions be taken immediately:

• Initiate the process of repealing the RGGI final-form rulemaking at the earliest possible opportunity. (Such action would not require waiting for a resolution in court.)
• Prohibit DEP from levying any fines, fees, or penalties for failure to comply with any provision of the RGGI final-form rulemaking if the rule does ultimately take effect before the repeal is complete.
• Set forth in writing to the participating states in RGGI that Pennsylvania would no longer be a "Participating State" as that term is defined in the RGGI, Inc. Bylaws.
• Bar the Commonwealth from entering into or extending any contract or agreement with RGGI, Inc., nor utilize the services of RGGI, Inc.
• Confirm that the Commonwealth would no longer make any payments to RGGI, Inc.
• Prohibit any employee of DEP or the PUC from sitting on RGGI, Inc.'s Board of Directors.
• Publicly announce that Pennsylvania would not participate in a multistate CO2 allowance auction in coordination with other participating states.
• If it becomes necessary to make emissions allowances available for purchase before the RGGI rulemaking can be repealed, make RGGI emissions allowances available to Pennsylvania Covered Sources for "purchase" for $0.00, similar to other DEP allowance programs.

If you choose to proceed with the pending litigation, rather than immediately remove the Commonwealth from RGGI, you should, at a minimum:
• Toll all DEP compliance deadlines associated with the RGGI final-form rulemaking unless and until the RGGI rule is upheld by the Pennsylvania Supreme Court and all litigation is resolved.

• Require that the "effective date" of the RGGI final-form rulemaking would be no sooner than January 1st, falling at least six months after any Supreme Court’s decision upholding the RGGI final-form rulemaking and the final resolution of any related litigation.

As you are well aware, the impacts of the RGGI proposal will be felt immediately in the lives of every resident of this Commonwealth. With regard to energy policy, we see no need for delay. We look forward to you taking action on these items as your first energy order of business and begin the process to extract our Commonwealth from the onerous and ineffective carbon tax program.

Sincerely,

The Senate Republican Caucus,

Kim L. Ward  
President Pro Tempore

Joe Pittman  
Majority Leader

Senator Gene Yaw  
Environmental Resources & Energy Chairman

Senator Dave Argall

Senator Lisa Baker

Senator Michele Brooks

Senator Ryan Aument

Senator Camera Bartolotta

Senator Rosemary M. Brown
Senator Jarrett Coleman
Senator Chris Dush
Senator Cris Gebhard
Senator Wayne Langerholc
Senator Scott Martin
Senator Tracy Pennycuick
Senator Mike Regan
Senator Greg Rothman
Senator Elder Vogel

John M. DiSanto
Senator John DiSanto
Frank Farry
Senator Frank Farry
Scott R. Hutchinson
Senator Scott Hutchinson
Dan Laughlin
Senator Dan Laughlin
Doug Mastriano
Senator Doug Mastriano
Kristin Phillips-Hill
Senator Kristin Phillips-Hill
Devlin Robinson
Senator Devlin Robinson
Pat Stefano
Senator Pat Stefano
Judy Ward
Senator Judy Ward

cc:  Mr. Mike Vereb, Secretary of Legislative Affairs
     Mr. Rich Negrin, Secretary Nominee, Department of Environmental Protection