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SMC Government Relations Committee
Energy & Environment Working Group Conference Call
Brief notes are embedded in blue
Thursday, December 14, 2017
10:00–11:00 AM

I. Welcome and Introductions

- Bob Henry, Chair, Energy & Environment Working Group: President, Command Systems, Inc. Attending: *Bob Henry, Christian Antkowiak, Judy Wojanis, Eileen Anderson*

II. Today's Meeting

- Eileen Anderson, Director, Government Relations: *Define the scope of the group and develop a strategy to move forward.*

III. Update - Federal Energy & Environment Issues and Legislation:

Henry: There is so much happening now RE: energy and environment and that makes it important to have a tight focus on what's best for the SMC membership. These are three important issues at the federal level that impact the state level:

- *1) EPA – President Trump withdrew the U.S. from the Paris Climate Change Accord. There has been one hearing in Charleston, W.V. and there may be hearings in different states to determine future global climate change actions.*
- *2) Secretary Perry, Department of Energy, has initiated a NOPR to review resiliency of the electric grid. The focus in the past has been price, reliability and the environmental impact.*
- *3) FERC (Federal Energy Regulatory Commission) is addressing market mechanisms to provide full cost recovery for power plants that can store 90 or more days of fuel on site such as coal and nuclear power generation that may support those industries.*

Henry commented on the latest info from the U.S. Energy Information Administration which forecast generation from gas at 32%, coal at 31% and renewables at 10%. The remaining percentages include nuclear and oil. Renewables include wind, solar, biomass, and hydroelectric. Wind is the fastest growing of the renewables sector (not to be mistaken for % of output).

There is a significant effort to lobby against power generation from fossil fuels, but currently over 60% of electricity comes from coal and gas. Reasonable growth from renewables should be promoted. He noted that SMC's energy policy points to the need for an "all-of-the-above" strategy. As we migrate to sectors other than fossil fuels and

nuclear it is important to keep in mind that we should not put all of our eggs in one basket. Resiliency and reliability are required.

Wojanis: *What percent of electricity generation comes from nuclear power?*

Henry: *20-22%*

Wojanis: *It seems like we need more and more energy. How do we encourage government and the public to put limits on the demand for electronics as energy needs continues to grow?*

Henry: *Our policy states that SMC supports cost-effective energy. The growth of energy usage has not been significant since the great recession of 2008. SMC is concerned not only with the energy mix but with conservation of energy and energy storage. Storage is important to further the development of solar and wind. Our energy policy also supports new advanced technologies and cyber security of the grid.*

Anderson: *The U.S. and PA have no long-term energy strategy, mostly due to the nature of election cycles.*

Henry: *The Corbett Administration published a long-term energy plan but once the Wolf Administration came in that website was pulled down and the focus moved to climate change. We are continually whip-sawed by whoever sits in the Governor's office (or presidency).*

Anderson: *Perhaps we can put together a "long-term" strategy for PA by supporting pieces of what we think should be in place.*

Henry: *He gave an example of the problem that occurs when "all of the eggs are in one basket" and then the energy landscape changes. He noted that this morning he read an article about China. They previously used mostly coal for power generation but because they had tremendous problems with smog, they moved to natural gas. Now they do not have adequate gas supplies for both industry and home heating.*

Anderson: *Senate Bill 234 has bipartisan support and has moved to the Senate Appropriations committee. The goal of the bill is to make loans available to large commercial and industrial energy efficiency projects through voluntary tax assessments. Is SB 234 within our scope and if so should we support it?*

Henry: *He agrees with the concept and noted that many people cannot afford energy efficiency upgrades so this may make it more feasible.*

Group: *Since it goes to efficiency and energy conservation we are willing to consider the legislation. Anderson will send out SB 234 and the senate republican and democratic analyses for their review.*

Anderson: *How should we limit the scope of what we work on? I am following the bills supported by the PA COC Energy and Environment Committee. For instance, they group the severance tax within that agenda. It also includes several pieces of legislation that are directly related to natural gas permits and related items.*

Wojanis: *It's a ridiculous tax. The industry could care less about the tax. The tax doesn't come out of the industry's pocket. It is ultimately paid by the consumer. The municipalities are very small and they are not aware of what DEP is doing.*

Anderson: *It will continue to come up in the General Assembly.*

Henry: *Recommends letting groups such as PIOGA work on the severance tax issue. We can categorize issues on the front end with filters. The bills cited are related to pipeline permitting. Pipeline permitting is a procedural process. SMC can support reasonable regulations and reasonable times to get permits but leave the legislation to those directly involved.*

Wojanis: *We can focus on conservation.*

Group: *Agreed*

Anderson: *We can educate members about ways to conserve energy and where to locate services for energy audits and assessments. She noted that she is currently building a relationship with PennTAP.*

Wojanis comment off-line: *You can have all of the regulations you want but there are issues with not enough DEP staff to enforce the regulations. The drilling companies go to the small municipalities and the municipalities do not talk to each other. I see both sides of the industry because I live in an area where there is heavy drilling plus I am a former owner and president of Wojanis Supply where we worked with oil and gas companies.*

III. Update - State Energy & Environment Issues and Legislation

- **Identifying and promoting resources** for members such as PennTAP – *YES*
- **S.B. 234** - Promotes clean energy programs for commercial and industrial properties- *YES - will consider*
- **Regulatory reform** - Overlaps into energy (DEP) and environment.
 - **S.B.561**- Economically significant regulations - *YES – will consider because it is general in nature and directly related to small businesses.*
 - **H.B. 1353** - Requires DEP to be transparent and clearly cite why the information in a permit application is insufficient to achieve approval - *NO – more procedural and related to pipelines*
 - **H.B. 1352** - Codifies the time lines for reviewing permits - *NO – more procedural and related to pipelines.*

- **H.B. 1091** - Provides for more timely review of construction permits - *NO – more procedural and related to pipelines.*
- **Severance tax** - *NO – better handled by groups directly related to the oil and gas industry.*

V. Action Steps

- Move toward conservation and efficiency as a committee focus. Send out SB 234 legislation for review.

VI. Next step - 2018 agenda development

- Will meet again in mid-January.