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ENVIRONMENTAL RESOURCES AND  
ENERGY COMMITTEE  
CHAIRMAN

November 18, 2019

The Honorable Patrick McDonnell  
Pennsylvania Department of Environmental Protection  
Rachel Carson State Office Building  
400 Market Street  
Harrisburg, PA 17101

Dear Secretary McDonnell:

I am writing you today as the majority Chairman of the House Environmental Resources and Energy Committee to seek some information about the Governor's recent decision on the Regional Greenhouse Gas Initiative (RGGI). As you and the Governor have both mentioned your desire to collaborate with the General Assembly on this issue, despite the Governor's Executive Order being by definition a unilateral one, I would appreciate a prompt, informative response to my inquiries as soon as possible on this vital subject.

As you are aware, joining RGGI would be an enormous change to Pennsylvania's energy economy, one that I believe requires you to seek the approval of the General Assembly before taking action. That being said, there remains a great deal of uncertainty as to how this process will proceed. It is crucial that every possible outcome and ramification of such a decision be deliberatively considered before action is taken. Therefore, I would appreciate answers to the following questions, so I and other members of the General Assembly can properly evaluate your decision:

- Is the Administration committed to joining RGGI, or are the proposed regulations being developed so that the Administration can evaluate the merits of joining RGGI, with a final decision to come at a later date?
- Please describe the timeline and process for joining RGGI that the Executive Order has begun, culminating in Pennsylvania joining RGGI.
- What do you believe the Administration's legal authority is for joining RGGI?
  - Does the Administration plan to bring RGGI to the General Assembly for a vote before joining?
- What contacts has the Administration/DEP had with RGGI Inc. and the other RGGI states, and what input and feedback have been received from them?

- Will or has the Department contracted with any third-party entities to assist it in developing or evaluating a draft rulemaking?
  - If so, which entities, and how much money has DEP allocated for this?
- What flexibility does Pennsylvania have in modifying the RGGI Model Rule?
- What would be the baseline year used for setting emission allowances?
  - Does RGGI's regional cap limit Pennsylvania's ability to set its own allowance limitation?
- What is the anticipated first year of compliance for PA electric generation units, as envisioned by the Administration under the executive order?
  - At what level would the cap be established for year one of compliance?
  - Does the Administration/DEP anticipate dropping the cap to zero tons of CO<sub>2</sub> at some point in the future?
- Has the Administration done any modeling of Pennsylvania carbon dioxide emission from electric generation units greater than 25 MWs?
  - How many facilities in Pennsylvania would be subject to this threshold?
- How would the Administration/DEP, when joining RGGI, seek credit for the already substantial reductions in carbon emissions in Pennsylvania's power generation sector?
- How would the Administration/DEP, when joining RGGI, seek credit for Pennsylvania being a net electricity exporter, while many other states in RGGI are reliant on our power?
- During a recent presentation on RGGI at the DEP Climate Change Advisory Committee by a representative of RGGI Inc. and Maryland as a RGGI state, it was claimed that RGGI was basing future reductions in allowances on a desire to remove or negate previously-banked credits held by generators in other states. How does Pennsylvania fit into such a scenario, and doesn't the fact that Pennsylvania generators do not have banked credits to pull from put them at a competitive disadvantage?
- As many including one of your predecessors, Secretary McGinty, have noted, the issue of "leakage" by which electric generation moves from Pennsylvania to neighboring states which have not joined RGGI is a very serious concern. Did the Administration/DEP evaluate and consider "leakage" before the Executive Order?
  - If so, what is your assessment of "leakage" and the resulting impact on business within Pennsylvania?
  - Has the Administration/DEP evaluated whether "leakage" has occurred in other RGGI states once they joined?

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- Has the Administration/DEP conducted a study of “leakage” and ways to prevent the industry from leaving the state if Pennsylvania joins RGGI?
- Did the Administration/DEP analyze the impact of joining RGGI on energy prices in Pennsylvania prior to the Governor’s Executive Order?
  - If so, what did the analysis conclude?
  - What resources were used to create this analysis? If outside entities were utilized, please list them.
- Who is eligible to purchase carbon emission allowances issued by Pennsylvania under RGGI?
  - Is there any specific rule that would preclude third-party/non-generation units from purchasing allowances and simply retiring them?
- How does the Administration propose to spend the revenue it generates from the allowances?
  - What requirements does RGGI place on member states about spending the revenue?
  - Does the Administration intend to enact allocation of proceeds from RGGI allowances via statute, or address the matter in the proposed rulemaking?
- What is the anticipated cost of compliance/realized revenue for Pennsylvania if we join RGGI?
- If Pennsylvania does join RGGI, how will the Administration/DEP measure the success or failure of the program, as Pennsylvania’s diverse energy economy has already led to a substantial reduction in CO2 in recent years?

Again, I would appreciate your prompt attention to these matters, and am looking forward to evaluating the information that you provide.

Sincerely,

Daryl D. Metcalfe  
Chairman  
Environmental Resources and Energy Committee

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