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Senate of Pennsylvania

**Senator Robert M. Tomlinson,
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To: All Republican Senators

From: Senator Mary Jo White
Senator Robert M. Tomlinson

Date: May 8, 2008

Re: Energy Initiatives

Recently, Governor Rendell has been commenting in the media regarding the Senate's position on his energy policy. Governor Rendell has publicly stated that the Senate has failed to act on any energy issues, while calling for passage of several House-approved bills.

It may be helpful to keep the following in mind when responding to inquiries on this issue:

- In December the Senate passed Special Session Senate Bill 1, which invests \$650 million in alternative energy projects through a combination of grants, loans, rebates, tax credits and assistance to low-income residents. This legislation was approved 44-5 by the Senate, utilizes existing tax revenue to pay for the programs, and does not include the Governor's \$70 million annual tax increase.
- In December, the Senate also passed Special Session SB 22 and SB 36. These bills provide incentives to encourage the in-state production and mandated content of biodiesel. Both bills passed with overwhelming bipartisan support.
- The Governor has advocated for Senate passage of Special Session HB 1. This legislation would borrow \$850 million, incurring over \$2 billion in new debt service. The legislation directs most of this revenue through the PA Energy Development Authority (PEDA), while prohibiting members of the General Assembly from serving on the PEDA Board. Four current legislators would need to resign from the Board.
- House Bill 2200, advocated by the Governor, would permit all costs to be recovered from ratepayers, at a time when consumers are facing the expiration of generation rate caps. The smart meter provision alone would increase ratepayer costs by an estimated *\$1 billion*.
- The Senate is reviewing several proposals on rate mitigation, energy conservation and efficiency, including Senate Bill 1134. Also, the Senate-approved SB 1 contains significant incentives for residential/commercial energy efficiency and conservation projects. Meetings have been held with the House and the Governor's office to discuss the various perspectives.
- The Governor continues to advocate for an ethanol mandate. Under the Governor's thresholds, the bill would actually require the importation of up to 2/3 of the bio-fuel necessary to meet the mandate and may, among other concerns, put Allegheny County in violation of federal law regarding ozone air quality. Legislation passed in December to increase the federal renewable fuel standards will already result in a de-facto 10% ethanol mandate in much of Pennsylvania by 2012.

The Governor insists on passage of his own costly plans, and ignores compromises put forth by members of both parties of the Senate. We must act to ensure that a final energy plan represents the best interests of the consumer.