

November 12, 2007

Senator Mary Jo White, Republican Chair
Room 169 Main Capitol Building
Harrisburg, PA 17120

Senator Ray Musto, Democratic Chair
Room 17 East Wing
Harrisburg, PA 17120

Re: Senate Special Session Committee on Energy Policies
Remarks on Special Session Senate Bill 1 (P.N. 8)

Dear Senators White and Musto:

On Wednesday November 14th the Senate Special Session Committee on Energy Policies will hold a hearing on Special Session Senate Bill 1 (SSB1) – the Alternative Energy Investment Act. The Pennsylvania Environmental Council (PEC) believes this legislation is a positive step in many respects towards advancing sustainable energy policy in Pennsylvania. In addition, the legislation will provide significant cost-savings to consumers through home energy efficiency programs, which have proven to be one of the most cost-effective ways to reduce energy demand. However, we urge the Committee to consider the following principles to improve the legislation and better position Pennsylvania in its shift toward a carbon-neutral economy.

- **Public funding for pollution control should ensure greater environmental benefit.** Section 501 of SSB1 would allocate \$15 million per year over a 5 year period to provide grants to private electric generation and cogeneration units for pollution control technology projects – specifically, the purchase, construction, or installation of technology and equipment to help those units meet existing mercury, sulfur dioxide, and nitrogen oxide pollution reduction requirements. Given the substantial public investment made under this provision, PEC believes that any such investment should be specifically targeted for units that achieve measurable, corresponding environmental benefits; for example, the removal and use of waste coal from abandoned mine land sites, or further attainment of greenhouse gas emissions within Pennsylvania. While the existing language of SSSB1 does accomplish select pollution reduction goals, these financially-supported objectives should be more ambitious and accomplish greater public benefit beyond what is required by existing law.
- **A dedicated funding source should be identified for energy conservation, efficiency, and alternative source projects.** While PEC would support the use of a general revenue bond to fund alternative energy development and energy efficiency programs, PEC believes that a secure, long-term funding source is more appropriate to further sustainable energy production and use, and to signal to capital investment and related business interests that Pennsylvania is

committed toward advancing sound energy-based opportunities and industries. To date, twenty five states have adopted public benefit funds for end-use energy reduction programs and renewable energy projects; these programs work and benefit consumers, while providing considerable capacity savings as well. One of the recommendations included in PEC's stakeholder-driven Climate Change Roadmap for Pennsylvania is the creation of a public benefit fund, though we would be open to other options that provide reliable and long-term funding for these objectives.

We commend the Committee for considering public investment in alternative energy and energy efficiency programs, and urge you to consider our recommendations for improving SSB1 to accomplish greater environmental, economic, and public benefits. Please contact me at 717-230-8044 (x16) if you have any further questions. Thank you for your consideration.

Sincerely,

Brian J. Hill
President and CEO