BEFORE THE
HOUSE OF REPRESENTATIVES
OF
COMMONWEALTH OF PENNSYLVANIA
* * * * * * * * *
IN RE: JOINT LEGISLATIVE AIR AND WATER
POLLUTION CONTROL AND CONSERVATION
COMMITTEE
* * * * * * * * *
BEFORE: Parke Wentling,
Representstive/Chair
David Agrall, Senator
Jerry Knowles,
Representative
Dan Meuser, Representative
Lisa Baker, Senator
John Yudichak, Senator
Tony Guerrieri, Executive
Director
Paul Cook, Representative
John Gordner, Senator
Kurt Masser, Representative
Doyle Heffley,
Representative
Neal Goodman,
Hearing: Friday, February 21, 2020
10:09 a.m.

Location: Strand Theatre
110 West Blaine Street
McAdoo, PA 18237

Testifiers: Vince Brisini
Henry Zielinski
Robert Hughes
William Reichert
John Bland
Jaret Gibbons
Matthew Cochran
John Rampolla

Reporter: Kayla Keating

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APPEARANCES

NONE PRESENT
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CHAIR:

Good morning, everyone.
We’re going to go ahead and get started here. Thank you. Good morning. I am State Representative Parke Wentling, Chairman of the Joint Legislative Air and Water Pollution Control and Conservation Committee.

I’d like to welcome everyone to this public hearing in Schuylkill County to discuss Pennsylvania’s waste coal generation industry. For generations, mountains of waste coal that leached acidic water into already polluted streams were a fact of life in poor mining towns. Many of which you are familiar with here in Schuylkill County.

For decades,
Pennsylvania’s waste coal generation industry has put a dent into that environmental disaster by eliminating millions of tons of mine waste that previously had been discarded. The industry has played a significant role in former mining areas like Schuylkill County and across Pennsylvania. And as such, generates much discussion on a wide variety of issues.

During today’s hearing, we would like to focus primarily on two of those issues. The first is economics. We will hear testimony today regarding the economic impact of a carbon cap-and-trade program on waste coal generation. Those who oversee those plants now are wondering whether the 30 years of progress will come to an end if new air emission rules take
into effect. While regulators contend the standards are overdue, operators argue that new rules will close plants, siphon power from a stressed grid, and dissolve hundreds of local jobs that citizens rely on.

A second focus today is the environmental impact of the industry. Again, this is a broad and diverse field. These plants that burn waste coal are taking care of an environmental hazard. Besides being unsightly, these coal waste piles contribute to acid mine drainage, which pollutes our waterway.

The testimony offered here today is intended to provide an overview of topics that are already out there and that may arise in the future. We are joined by highly
knowledgeable panel of industry experts and stakeholders that are anxious to learn more from them --- we are anxious to learn more from them about this important topic.

Before we begin, I would like to take a quick moment to allow Senator Argall and Representative Knowles to host --- the host of this public hearing to provide a few remarks.

MR. ARGALL:
Just welcome everyone here, as the very part time public policy instructor, Senator Yudichak is one of my star students. One of the things that I --- I stress to my students when I meet with them about two hours every week is the --- the concept of time management. And I’ve learned that college students are
terrible at time management.

The textbook stresses the fact that we all could have chosen to be somewhere else today, and I am especially cognizant of the fact that my colleagues from the House and the Senate and our United State Congressmen had many other directions in which they could have been pulled today, and so I really appreciate the fact that so many of our colleagues were able to join us here in McAdoo.

It’s fitting that we’re here in McAdoo with the --- the closing of the national plant, the --- the loss of the jobs, the loss of the environmental benefits. It’s more than just a little symbolic that we are here today. It’s also symbolic because we are here in the midst of the anthracite coal region, and not only have we seen the
progress brought to us by so many of those plants over the years, but we’re also reminded of the danger.

It wasn’t too many years ago that a --- a child was killed who was exploring one of the open pit mines not far from this --- this town. Many of us who grew up in these communities spent much more time than we should have crawling around those --- those old pits. Many of those pits are now gone, because of this industry. Many of those mountains of black waste are gone because of this industry. But they’re not all gone, which is why the threatened future of this industry is of concern to all of us.

The jobs are incredibly important, but equally important is the environmental benefit
that --- that this industry has brought us since the 1980s and the 1990s. That’s why we’re here today to learn more about what the state and the federal government can do. I know that our congressman has a very, very important bill, which is beginning to move through the United States Congress, which would be incredible in its benefits to communities like McAdoo.

And so, again, from the bottom of my heart, to all of my colleagues who have traveled near and far, thank you very much and thank you for the staff and the --- the leadership of the committee for choosing to join us here today.

MR. KNOWLES:
Thank you. I’m Representative Jerry Knowles. I’m proud to be the legislator,
this is my district, the 124th legislative district, the most northern part. Let me start by congratulating Senator Yudichak for --- for his graduation from the Professor Dave Argall School of whatever. I’m sure that is continuing to make you who you are and what you are today, Senator.

Congressman, it’s always a pleasure to see you. I don’t know when you are home, because everywhere I go I see you and --- but we thank you for your attention to the 124th and the Schuylkill County and the job that you are doing. Also I want to welcome all of my colleagues in the general assembly. I really appreciate you taking the time out of your busy schedules, the senators as well as the representatives, to be here.

I grew up in Tamaqua.
I’ve lived in the Tamaqua area my whole life. And I can remember as a very young man --- a very young boy, I should say, I remember looking up at the mountains, and I saw this ugly black. It was --- it was silt, it was coal dust, but whatever you want to call it. And, you know, that --- there was very little formal regulation at that time.

But fortunately for --- for us, as well as the environment, the regulations have been put into place. Reasonable, but yet substantial regulations. As a result of that, all you have to do is look around as you’re driving through the area and you now see pretty green trees, pretty green mountains, things that we all want to see here in Pennsylvania.
I will tell you that the coal generation --- or the Cogen down the road, that’s what we call Cogen Plant, have been very helpful in terms of using that coal dust to generate electricity and also to clean up the mountainsides. So I am very interested to --- to listen to the testimony. I am a coal cracker. I am astute.

I am not one of those people that think that fossil fuels are bad. I --- I just sit back and I wonder how these --- I don’t even know what they call them, but people who believe that --- that we can exist with --- you know, with --- with wind and solar and all that stuff. So I think I said too much already, so thank you very much. Thank you very much, Mr. Chairman.

CHAIR:
Thank you, Mr. Knowles.

And we would like Mr. Meuser, the Congressman here, to speak briefly, and --- and we’re going to go through and everyone is going to have a chance to introduce themselves, and if you want to speak for a moment.

MR. MEUSER:

Yes, sir. Thank you. Thank you, sir. So, yes, I appreciate being here very much. Thanks for the invitation, to all. And we’ll make this as productive as possible, so I’ll be as brief as possible.

We in Pennsylvania have a great treasure. We have great reserves of natural gas, coal, oil. We have to maximize it. You know, we can’t squander it. We’ve got the second largest reserves second to Texas. It gives us great competitive advantages to bringing in
companies to keep in our --- our homes, our residents' homes, costs of heating low. We --- we need to take advantage of these competitive advantages or for manufacturing companies or for all businesses.

We --- natural gas is lowering our carbon footprint, the carbon emissions significantly. In fact, the United States is the only industrialized nation in the world that has reduced its carbon emissions over the last two years. We are not part of the Paris Agreement. Those that are part of the Paris Agreement, their carbon emissions have gone up, ours are going down.

I --- I do not believe that being part of RGGI is something that is in the interest of Pennsylvania at all, because we are in fact already
doing it. We are already lowering our carbon footprint. So I do support the bill that --- that is being proposed. And you know what? The private sector is embracing all this.

Right?

So why does the heavy handed government have to come in when the private sector is --- is doing its thing to --- to go green, if you will, to --- to bring in solar. It’s becoming a --- somewhat of a PR initiative for so many companies that I visit throughout the ninth, throughout Pennsylvania. And we’re finding out that also delivers a return on investment.

It’s good to have a --- a mix. And it’s a move over to natural gas and to use the clean coal that we --- that we are developing. So there’s --- there’s a lot of good things
happening. And the last thing we need is --- is the heavy handed government.

Now, I have a bill that --- that Senator Argall and Senator Yudichak had initiated on the state side for cleaning up the --- the coal banks. The waste coal. And to be utilized effectively, the best way of cleaning up these monstrous coal banks --- coal banks, we’ve got over 220 million tons that still exist throughout the Commonwealth alone is for the Cogen Plants to continue to use them.

And I think we all know in this room that since much of the coal bank within the vicinity of the cogen plants is not longer cost effective to gather and utilize and burn, we --- we need to create some sort of --- some sort of funding or
some sort of advantage, and that’s the federal bill that I have, and the bill that Senator Argall and Senator Yudichak has, provides a --- a tax credit, a performance based tax credit, that will give a --- a refund for cleaning up these coal banks.

And, you know, we’ve all seen them. You go through Shenandoah. You go through Luzerne County. You go through Swoyersville. You go through where Senator Yudichak lives. And it’s just mountains. I --- I express to the people in Washington as high --- as high as the capital goes. And the only way that they’re going to be removed is through this bill. Because outside of this it would cost somewhere in the neighborhood of $8 billion or $9 billion.
The federal bill that we’re proposing would have, if everything was maximized out, if all the cogen plants came back, would be in the neighborhood of $1.3 billion over a --- but, again, in tax credit form. Not removing from any other funds, like the tax credit form, over a 10 year period. So it makes all the sense in the world. It’s a --- it’s very --- it’s a jobs bill. It’s an energy bill. It’s an environmental bill.

Right?

I mean, we’ve seen the --- we’ve seen the acid mine runoff that comes from the coal beds that --- that contributes massively to the Chesapeake Bay issues and the Susquehanna River Basin runoff problems, and --- which is leading to our --- our stormwater issues and stormwater fees and such.
So these bills are important. And we’re going to push for them. I think we got a real opportunity in the --- in the house this year to get this bill through 2375 and, again, we just have to get serious about --- about making Pennsylvania, utilizing all of our resources, and making Pennsylvania as competitive as possible for business, for growth, for increasing wages, and for --- for energy. So I’m glad to be part of this. Thank you.

CHAIR:

Thank you very much. And Senator Baker, if you want to introduce yourself and we’ll work right down the line here.

MS. BAKER:

Good morning, everyone. I’m State Senator Lisa Baker and I represent parts of Luzerne and Susquehanna County and all of
Wyoming, Wayne, and Pike Counties.

MR. YUDICHAK:

Good morning. I’m Senator Yudichak. I represent the 14th Senatorial District, which includes Luzerne and Carbon Counties. As noted, a prized student of Professor Argall. For the record, that was a modern interpretative dance class that I took years in the McAdoo Theater. So it’s great to be back in Argall School Professor.

MR. GUERRIERI:

Yes. My name is Tony Guerrieri. I’m the Executive Director of the Joint Legislative Conversation Committee and we’re very pleased to be here today.

MR. COOK:

From the 49th District, parts of Fayette and Washington
County, the Mon Valley State Representative, Bud Cook. Our claim to fame in the 49th is we have a community called Marianna, Pennsylvania. At the turn of the century, 1900s, it was the model community in the world. The problem is there’s a 500 acre coal pile there right now. It needs to be taken care of. So we’re very interested in what we are hear here today. Thank you so much.

MR. GORDNER:
Senator --- Senator John Gordner. Serve as the Senate Majority Whip. I represent Columbia County, Montour County, Northumberland County, Snyder County, and part of Luzerne County.

MR. MASSER:
Representative Kurt Masser. Northumberland County, Columbia County, Montour County.
MR. HEFFLEY:
State Representative
Doyle Heffley. I represent
Carbon County 122nd District.

CHAIR:
I would like to remind
our testifiers today that ---
and members, that we do have a
hearing stenographer present to
report today’s proceedings.
Please introduce yourself before
you speak, and please speak
loudly and clearly.

We are --- we are ready
to begin the hearing. Our first
testifier --- and I’m going to
bring you up as a group here,
our first testifier is Mr. Vince
Brisini, Director of
Environmental Affairs at the
Olympus Power. So if Mr.
Brisini can come forward and his
whole group here related to the
environmental benefits, if you
can all take a seat there, and
I do have one quick announcement while you’re coming up. Right there.

Okay.

So as you’re coming up here, I do have an announcement. Following the hearing, will members please go to the northeastern power plant for a quick photo? If you’d like to write this down, it’s 137 Plant Road. So 137 Plant Road, McAdoo, PA, of course, and zip code for your GPS if you need it is 18237. So 137 Plant Road, McAdoo, PA, 18237.

So we will begin. Mr. Brisini, please. Thank you.

MR. BRISINI:

Good morning. I’m Vince Brisini. The Director of Environmental Affairs for Olympus Power. And I’d like to thank Chairman Wentling and the Committee for providing me the
opportunity to testify today.

I’m a lifelong Pennsylvania and have spent all but three years of my life living in the Western Pennsylvania bituminous coal region. I come from the land of orange rocks and stinking coal refuse fires. But you know something pretty amazing started to happen in the late 1980s and the early 1990s. Plants were being built that removed coal refuse from the environment to use as fuel and then the areas where the coal refuse had been located were remediated and reclaimed.

Remarkably, in my lifetime, streams that have once been devoid of life were recovering, and yellowish greenish clouds that I drove through near South Fork and Revloc had disappeared. The
West Branch of the Susquehanna River is now a Class A brown trout fishery with improved water quality along the entire length providing especially improvement to the Curwensville Dam.

In my lifetime, I have seen fishermen below the river walls in Johnstown and at the Conemaugh Power Plant, fishing in the Conemaugh River. When I worked for Penelec, I personally measured the pH at 3.5 and less in the Conemaugh River throughout the entire summer of 1980. It was an impaired river without an upper discharge limit for pH, because it was so acidic. And now there are fish.

I have seen a local sportsmen group stock trout in the South Branch of the Blacklick Creek. A stream that for most of my life was an
orange sulfur creek, or at least that’s what we called them. And all of these remarkable outcomes have been aided by or are entirely attributable to the coal refuse to energy industry.

As I stated in previous testimony, the biggest problem in gaining support for the coal refuse to energy industry is that most people in Pennsylvania have not and do not live in coal regions and have not experienced the effects of coal refuse in the environment and the incredible benefits these plants provide for the communities where they are located and to the areas where the coal refuse has been removed.

The Pennsylvania Coal Refuse to Energy electric generating units use the coal refuse to generate electricity. These facilities remove the coal
refuse from the environment,
burn it in a circulating
fluidized bed boiler with highly
effective pollution controls,
and then use the resulting
beneficially used circulating
fluidized bed ash through
remediated and reclaim coal
refuse sites, as well as other
mining affected land.

While the coal refuse has
lower heating value and higher
concentrations of some
pollutants in coal, including
sulfur and heavy metals, the
emissions for the Pennsylvania
coal refuse energy electric
generating units are consistent
with the editions of
Pennsylvania coal fire electric
generating units that are
equipped with the latest and
best pollution control
equipment.

There is a slide in the
--- slide two in the written testimony that would be worth looking at. On that slide, you --- you’ll be able to see that the coal refuse the energy industry plants emits sulfur dioxide and nitrogen oxides is raised. They are consistent with those coal fire plants. And the coal refuse to energy plants have been emitting at these low rates since they began operations.

And the same pollution control devices for filterable particulate matter, sulfur dioxide, and nitrogen oxide, also control hazardous air pollutants, and achieve compliance with the mercury in Air Toxics standards for the national limits. While coal refuse does contain higher concentrations of heavy metals, including mercury, all
Pennsylvania coal refuse to energy units qualify as mercury low emitting units under the MATS rule.

In fact, a number of the Pennsylvania coal refuse to energy units were used to establish the mercury limits that apply to all coal fire units, because their mercury emissions are so low. Achieving the filterable particulate matter limit in the MATS rule demonstrates compliance with total non-mercury metals, including Antimony, Arsenic, Beryllium, Cadmium, Chromium, Cobalt, Lead, Manganese, Nickel, and Selenium.

Not only are all of the coal refuse to energy units in Pennsylvania demonstrating compliance with the particulate matter limit, all but one also qualify as filterable
particulate matter low emitting
electric generating units.
Circulating fluidized bed ash is
unique and a very valuable --
is very valuable in remediation
of mining effective lands.

Pennsylvania DEP does
quantitatively and qualitatively
studied the beneficial use of
circulating fluidized bed ash in
the Blacklick Creek watershed,
which is where --- near where I
live. Their studies show
dramatic improvement in the
discharges from the areas that
have been remediated and
reclaimed using circulated
fluidized bed ash.

The reclamation and
remediation of the Revloc one
and two refuse piles using
circulated fluidized bed ash has
allowed the top branch of the
Blacklick Creek to be stocked
with trout by the South Branch
Fishing Club. And these same
types of benefits are
experienced at any location
where the coal refuse is
reclaimed for use as fuel,
because those areas must be
reclaimed and remediated in
accordance with all surface
mining regulations.

The next slide, slide
three. As part of my assessment
of the impacts of the draft
preliminary Pennsylvania Carbon
Dioxide Cap and trade for
electric generating units, I
have compiled the historic
carbon dioxide emissions in the
coal refuse used as fuel for the
remaining coal refuse to energy
plants to determine the adequacy
of the 7.9 million allowances
that have been set aside.

Based upon these data,
the 7.9 million allowances set
aside are inadequate to allow
some plants which are currently restricted operationally to operate at historic levels which would facilitate the removal of as much coal refuse as possible from the environment.

And the next slide.

Based upon the historic fuel usage and the corresponding carbon dioxide emissions, if Colver is deactivated as scheduled, the allowance set aside should be 8.9 million allowances annually. If Colver were to continue to operate, then the allowance set aside should be $9.9 million allowances.

Importantly, the allowance set aside will become the annual operational restriction to these plants. That’s because the price per Pennsylvania carbon dioxide allowance will increase the bid
price for these coal refuse to energy units by $8 to $12 per megawatt hour. That artificially inflated bid price would result in these units not being called into service by PJM.

Thank you for the opportunity to provide this testimony, and thank you to the Department of Environmental Protection for providing an allowance set aside for the coal refuse to energy units in the draft preliminary rule. Although, more allowances are needed. Thank you.

MR. ZIELINSKI:

Good morning. My name is Henry Zielinski. Thank you for allowing me to testify today. I’m a professional mining engineer. I have a license in the state of Pennsylvania, West Virginia. I have over 30 years
of energy experience. I specialize in abandoned mine land. I’ve been working with Northampton Generating for 20 years now. I live in the Back Mountain, so --.

I’m a native of the region. My grandparents grew up in Plains and Hudson. So I used to play on these sites as a child. They were my playgrounds and I had got a job with Northampton Generating. I went to the prospect site and started working there as a manager, reclaimed the site, and really found out what was in my playground. One was a 900 foot open shaft. So, and, you know, one of the workers was pushing something down and I got to physically see and hear and watch and like scare the hell out of me and say that’s an open shaft, you know, so ---.
You know, these --- these features are all over our region. Whether it’s open shafts, mine subsidence, polluted drainage from abandoned mine sites, uncontrollable, airborne particulate matter, it’s a real problem. Airborne odors. Go down to the Wilkes-Barre hole (sic) by the Schuylkill --- or is it Soloman’s Creek, and it just knocks you out.

When I was a little kid, I always blamed air gas for that odor. I always thought it was the factory, the warehouse, that was making it, while it was the --- this pollution coming out of this hole. You know, over the past few decades I’ve personally witnesses a transformation that is remarkable, unbelievable, all the way from Carbondale to Tower City.
And when I say 2,000 acres, that’s 2,000 acres that Hank Zielinski knows about. There’s a lot more out there going on. There’s a lot of acreage that I didn’t see that others are working on. But this is just my personal experience, and I can safely like 300 of those acres I managed to full reclamation.

Beyond building mine reclamation projects initiated by the coal refuse energy business represents the unique synergy between cleanup of the environment and the generation of electricity. The process of utilizing anthracite coal refuse for the generation of electricity as provided for the preservation of other natural resources.

And, you know, I talk about that open shaft, the
natural resources that’s being preserved is money for funding to use to fix a problem like that, that’s serious, they need that money to address those specific issues. They need not be doing what we do.

Today, however, we are faced with an energy market that does not provide enough revenue from the generation of electricity to sustain the ongoing coal refuse, reclamation, and remediation work that is performed by our industry.

Working budgets are shrinking below the critical level. Plant closures are occurring and more have been announced. I am witnessing the disassembly of this industry in front of me. I’m dealing with a budget now that is under $100,000 and, you know, eight
years ago we had $20 million to fix properties. That was my budget to fix many properties. Now this year there really isn’t the --- the money to continue to do this.

Our companies, along with others in the industry, have made numerous commitments in the past. I’ll say that this commitment is a --- a serious commitment. It’s an obligation to reclaim, remediate abandoned mine land properties.

The reason why we took those commitments is that there was a federal regulation under SMCRA. We signed up for surface mining permits. We went in as coal miners and reclaimed these properties. So we followed all rules, regulations that were required to engage in re-mining.

The continued funding of this is now challenged with the
loss of operating funds. I have a list of efforts that are threatened to stop. The fuel processing companies that have supplied the fuel for these plants, you know, they require extensive professional support. Either through environmental due diligence or engineering permitting. There’s a vast group of professionals that are employed by this industry.

When the coal refuse sites are addressed by state or federal agencies, they tap into that funding that I was talking about before. And, again, they go back to that shaft. That’s where the funding that they have needs to be spent. They do not need to go out into the field, roll it over, and put grass on it. You know, there are bigger hazards out there.

A significant investment
in control of the property’s water runoff is completed prior to any mine remediation work. So before we go into these sites, we go in and we restore --- we actually don’t restore, but we improve, we add ENS control. So these abandoned sites that are sitting out there today and are in your backyards, that don’t have anything for protection, are --- this is the first thing we do, put in some separate control systems. So we want to take control of that water.

There’s also a significant investment that goes into the access of that property, HOPs. We also have the Mine Safety Health Administration that oversees us. So working for Northampton Generating for the last 20 years has been a great --- it’s been a
safe job. They care about the safety of the employees. We have a lot of pride. Took a picture of awards that we received, but we have many awards, and there’s a lot of pride that is taken at these facilities amongst the employees.

Northampton Generating alone holds over $1.5 million in bonding. That means that Northampton has gone out and this is the skin that they put into the game. They actually put cash, collateral, in a CD in a bank, in case this plan does fail, and we go out of business, and we have to leave this mine property, guess what, there’s a fund there to fix it that we put there. $1.5 million for the sites that we’re actively working on.

Again, this goes away.
Who is going to put the skin in the game if there’s no cogeneration plants? If there’s no place for this material to go, who is going to get a bond on property, who is going to, you know, take that initiative? Hazards in the community will not be removed without it. Those --- those --- the horror stories of the schools being buried in Aberfan in 1966 and --- well over in Europe. It still happens today except not as massive. You have people dying.

And there is a --- an updated like 2017 up in Pittston in the Avoca area on one of these abandoned mine sites a guy was decapitated or he lost his life. So, you know, these things are still occurring. People are --- are still being killed by these sites.
Air pollution plans are developed by our company. Before we go into them, we developed our pollution plans. You know, we -- we talked down in Swoyersville recently. There was residents there that were worried about the dust emissions once we started. I couldn’t even --- this lady had young kids. She lived right up adjacent to one of these sites. And there’s nothing going on on this site. This material that lays on the surface is dry as a bone. It picks up in the wind and there have been numerous sightings of like black like tornados leaving these sites. And, you know, when you see this, it’s horrible, that you live under --- underneath of this.

The identification of the protection of an endangered
species and their habitats. You know, that’s another thing that we bring to the table. 100 to 200 acre mining permit. You’re still going to look for bats. You’re going to look for the spotted moth. You’re going to look for that woodland rat and identify whether these creatures are living on your property. If they are, you’re going to deal with it.

So, you know, we bring up --- up here in Highland Road and near Freeland, we have a massive bat habitat project going on with one of the remediation projects. We’re the first ones in the state to take on this task and challenge of going out and doing a bat mitigation plan. I’m a mine engineer. I can tell you all about the species, the habits and the social habits of bats. It's amazing, you know,
how I could sit here today and
know so much about environmental
issues is remarkable.

Land use approvals. You
know, these --- these properties
are set as approved for mining
use, and if you want to reclaim
a property, you may need to
figure out what the end game for
that property is, so that you do
the right remediation work. If
it’s for farmland you’re going
to make sure you put the proper
soil. The soil is going to be
back. If you’re making forest
land it’s going to take
something a little different.

I already mentioned the
fact that employee pride at
Northampton Generating was two
OSMRE national award. That’s a
national award that’s awarded
for a company that does
outstanding work in reclamation,
performance standard set by SMCRA, that regulation I talked about from 1977. We have two counter crates (sic), the other plant that I’m affiliated with also has one of these awards.

Several of these awards I know are in Southwestern PA as well with some of the companies out there, and they certainly --- it’s --- it takes a lot of pride when you go out and get to receive these awards.

When I was a young man, I came out of school, and 1991 there was an engineer, he was mad at the hydroseeders because they sprayed all the rock with hydroseed. And I asked him why and he explained this whole process of taking pride in your work. You know, there was actually awards for this thing. I didn’t know that, but --- so that kind of inspired me to
bring that here to Northeastern Pennsylvania when we rebuild these sites, I’m always trying to get an award for it, so to speak. We want to do the best we can.

So coal refuse and abandoned mine sites that are left unreclaimed represent watershed impacts, uncontrolled fires, uncontrolled fugitive dust, particulate, residential hazards that we face, et cetera.

Now, our legacy, we removed 200 million tons of coal refuse to date, again, we probably can handle more than 300 tons though. Because for every ton that we burn there’s a ton that’s left at the mine site to go into the shape to create that topography or to lock this in that goes into the habitat, that bat habitat.

So, you know, we handle a
lot more than what we just burn to remediate these sites. The topsoil. We don’t burn the topsoil, but we got to handle all that soil. We restore more than 1,200 miles of streams there’s a picture in the presentation, unfortunately I would have this in the background, but the --- the last picture is a flood control project that we’re working on.

And that picture shows the complexity on the work, the labor effort that goes into these sites to reclaim them. There’s a couple guys working there. It’s slow work. And basically with the --- we restored more than 1,200 miles at that group of plants, however, Northampton we did like 600 feet of stream site last year and that’s it. And there’s another 600 feet to finish off.
The picture on the opposite side.

So we would love to continue doing this work. I appreciate you taking the moment to hear our story. And if any of you want to get up close and personal to any of these issues and come down and see that, I'd drop what I'm doing and give you the --- the horror show when you want to see them, what --- what our problems are really all about.

CHAIR:
Before we continue with the panel, I want to just take a moment to allow Mr. Goodman to introduce himself.

MR. GOODMAN:
Thank you very much.
Representative Neal Goodman.
123rd, right down the road here.
In the city of Frackville, I have three coal fire plants in
my legislative district, and
this is an issue that’s very
important. Thank you very much.

CHAIR:
Oh, you’re welcome.
Thank you. And I also want to
mention that even though that a
representative is here from her
staff. She is one of our local
representatives here too. So,
Mr. Hughes, if you’d like to
introduce yourself and your ---.

MR. HUGHES:
We are also joined by
Nick Troutman representing
Senator Yaw’s office.

CHAIR:
Oh, excellent. Hi, Nick,
I saw you on the way in. So
thank you.

MR. HUGHES:
Good morning Chairman
Wentling, and the members of the
Joint Legislative Committee
here, my name is Bobby Hughes,
and I’m the Executive Director of the Eastern Pennsylvania Coalition for abandoned mine reclamation, EPCAMR for short. I represent the interest of community groups, conversation districts, and coalfield communities throughout Northeastern and Northcentral Pennsylvania’s anthracite Bituminous Coal Region. I’ve covered 16 county coverage area throughout Northern Appalachia.

On behalf of the coalition I’d like to thank you for giving me some time to speak before the committee on how this cap and trade program could impact the economic and environmental benefits of the coal refuse cogeneration in Pennsylvania, which has been a partner with EPCAMR since our inception back in 1995. So for over 25 years we’ve had a
partner with the cogen industry and its partner plants throughout northeastern Pennsylvania.

It’s kind of an honor and privilege to be here as grassroots representative, because I was born and raised in Wyoming Valley in Wilkes-Barre, PA, since I was a child, and kind of put myself into becoming a founding member and the Executive Director of this coalition when I was 22 years old. So for 25 years, it’s been the last time since I’ve been before the committee with Senator Argall back a very long time ago here talking about the AML trust fund and the need for funding for abandoned mine reclamation and remediation efforts throughout Pennsylvania.

We are a nonprofit group that does a lot of encouraging
other reclamation and
redevelopment of these lands and
remediation of the mine
including waters across
Pennsylvania. We don’t own any
land, but we support the type of
projects that have been going on
and the partnership that the
cogen industries and the
community groups, conversation
districts, and municipalities
and industries and from the
private sector, along with the
anthracite coal industry, to
make these projects happen.

We actually have about
114 underserved communities, at
our school districts that are in
the region as well that are
faced with the opportunities and
not having to be able to go out
in these locations to --- to go
fish, to go swim, to go along
the streams that are --- are
cleaned up, so we’re working
with those communities to try and educate them on ways that they can become a part of partnerships and efforts to clean up these lands and restore them along the way. Throughout Appalachia an estimated 5.5 million people and 2.5 million people in Pennsylvania alone live within one mile of an abandoned mine land.

Our communities are really in need of some more diversified economical, social, environmental, and recreational opportunities. The mine fires we’re talking about the, mine subsidence, the hazardous vertical shafts, the slope openings, the flood mine pools, the contaminated water supplies, water-filled stripping pits, the soils, the ash piles, the culm banks, and refuse mountains, are --- are problems that we have to
deal with. Not only do they emit coal mine grounds but their foundations --- these are just all examples of some of the legacies in the past mining that have hindered economic development and job opportunities in the region.

Cogen plants are partnering with our efforts to reclaim those piles and take care of lands that could become future economic development opportunities for new jobs and for other alternative uses for --- for reclamation. The projected cost of reclamation, abatement, and remediation of these sites are substantial, and many of our smaller municipal communities that we live in lack the capital financial resources, the ability to leverage multiple sources of funding, and infrastructure investment.
opportunities.

So since we --- we’re looking for better opportunities, jobs, workforce development, and reclamation funding to significantly improve our quality of life and our surrounding environment. I’ve lived in the center of the Northern coalfields my entire life in the shadows of all these abandoned mine features, mine fires, and polluted streams, and grew up alongside of it as well.

And it’s about time we continue to do our work to fasten --- speed up the --- the pace at which we are reclaiming these lands. Because 25 years later, although we’re seeing a lot of work done, there’s still a lot more work that needs to be done. And these type of incentives and programs to support reclamation are going to
be needed.

The benefits of the ARIPPA Plant from the continued operations of cogen plants throughout the region are --- are vital. They provide letters of support to EPCAMR for our National Campaign to reauthorize the Abandoned Mine Land Trust Fund in the past year, and they are a direct benefit to the environment and the surrounding communities. They’re beneficial to the region because they not only create jobs, economic investment, and help to reclaim mine-scarred landscapes, but they reduce the amount of surface water that would normally end up in the underground mine pools that create abandoned mine drainage, includes groundwater systems, as well as our local rivers and streams.
Reclamation of these areas offered protection of home ownership and businesses from future mine subsidence and protection of home ownership and businesses from public health and safety, the reclamation of the lands has also lead to economic development opportunities and increased the number of jobs throughout the region.

There are ancillary benefits of abandoned mine land reclamation by the industry as well, which include the increase of property values, the increase in sense of community pride, provided buildable sites that are for commercial, industrial, warehouse distribution, recreational, or residential development, increasing public health and safety by removing these hazards, and providing
stream-based recreational opportunities that in the long run might decrease stress-related health concerns for the community members that live within.

Historic problems from underground mines account for more damage than what has been done on the surface. The scope is very exhausted and the amount of resources available through the Abandoned Mine Land Trust Fund that we have put forward are going to help us to reclaim coal mine lands across Pennsylvania.

ARIPPA has done a great job of showcasing just how the ancillary --- these ancillary jobs and other local and regional businesses have positively impacted the reclamation and remediation projects throughout
Pennsylvania. They have quantified the economic benefits that are both local, regional, and downstream, and communities that benefit from cleanup and remediation projects indirectly. I’m sure Rick will be talking more about that later.

We have a project that’s a $4 million grant that was received from Pennsylvania’s Abandoned Mine Land pilot program in Sowyersville EPCAMR’s partnered with us and Keystone Reclamation Fuels management. They were putting $8 million on the table. That’s a $12 million project that if they had --- the state had to do it alone it’s going to cost the state, you know, almost more than half of what they did anyway for their Abandoned Mine Land Trust Fund budget on one project.

So leveraging these type
of dollars and not only taking care of --- that’s going to be one phase of the project. That’s 16 to 20 acres out of a 55 acre site. However, we’re able to elude the waste coal pile and give back to the community a recreational community field with seven out of those 50 acres being donated back to the borough by the coal company that’s partial on the project as well. We need more projects like this.

That project was recommended by the Coldwater Conservation Plan for the Abraham Creek watershed that our organization had put together and made that recommendation that that work be done, because we had some shrinking area come up onto the valley and they get down to the culm piles, and the culm pile totals into the slope
that are preventing the fish
from being able to migrate,
those species, further
downstream. So this type of
work is really vital to the
environment, and also to
remediate our streams and rivers
in the Wyoming Valley.

In Pennsylvania, the
waste coal piles maintained by
the Bureau of Abandoned Mine
Reclamation is over 820 piles
covering 9,500 acres that still
remain unreclaimed. Fifty (50)
of them are actively burning.
The estimated coal in these
banks is over 224 million cubic
yards of material, suitable for
burning in a co-gen plant, like
those ARIPPA association. Over
5,000 acres of mine-scarred
lands were reclaimed by the
ARIPPA plants across PA, at no
cost to the taxpayers. So their
reclamation efforts recover,
property values increase, and
the reclaimed land is available
for higher uses and often
becomes taxable parcels,
bringing in much needed revenue
to municipalities with stagnant
tax bases.

EPCAMR supports the
Regional Greenhouse Gas
Initiative Model Rule to carve
out the CO2 Regulation to fit
the specific energy landscape
surrounding the co-gen plants,
because of their vital benefits
to our communities, that might
otherwise have another industry
come in that would have to put a
whole lot more money in to
reclaim the land and cost that
investment for those companies
to do so. This is being done at
no cost to the taxpayers.

From our understanding,
the co-gen plants, of which
there are nine, I believe, are
remaining, they qualify for the addition to the Model Rule as an otherwise qualifying co-gen EGU unit that supplies less than 50 percent of its annual total useful energy to any entity, not including energy sent to the interconnected manufacturing facility. It’s vital that the co-gen plants are included in the Pennsylvania Set-Aside Program if they meet the eligibility criteria for qualifying facilities.

These cogen plants remove significant health and safety and environmental hazards, they improve water quality, both the ground and surface waters, they improve air quality, and eliminate airborne silt and burning coal piles, they reclaim land suitable of supporting natural habitats and fishery improvements, and they’re
creating new parcels for suitable development.

Lastly, my hometown, like many others in the coalfields, deserve the attention and the clean water and greener landscapes, living wage jobs, and the workforce development opportunities that go along with these jobs to create a better quality of life that can be gained through continued reclamation of abandoned mine lands by the Co-Gen industry.

Thank you for the opportunity to give you the reasons why the reclamation of abandoned mine lands and the restoration of our watersheds by the Co-Gen industry is important to EPCAMR, our coalfield communities, Pennsylvania, and our Pennsylvania Abandoned Mine Land Campaign. Thank you.

MR. REICHERT:
Good morning. My name is William Reichert. I’m from Schuylkill County Conservation, just outside the southern anthracite. I’m going to talk on a little bit different scope than these folks here. I am the President of the Schuylkill Headwaters Watershed Association, and we’re all volunteers. That saying, there’s about 12 active people. We’ve been in business since 1997. We brought in about $7 million in grant from government private sources to do AMD drainage treatment systems and clean up the water in the Schuylkill River.

We’ve been very active, as active as we can be, on a volunteer basis. I would like to point our name, Schuylkill Headwaters. We didn’t take that name lightly. For you folks
that don’t know the geology of Schuylkill County, all of the water flows out of Schuylkill County. We have no water flowing into the county. We have to take care of what’s here. And --- and that’s all we get. You know, what’s here, and ---.

With that being said, all the water flows out of the county. That means every drop of water that goes out of here is going downstream someplace pretty far away. Half of our county feeds to Chesapeake Bay. The other half feeds to Delaware. And so we have to be recognizing that everything that we do is going to affect people downstream.

Senator Argall has heard this speech before. And I think some others. I’m kind of old. I’ve been around for a while.
One of the --- the first major environmental projects in the nation was called the Schuylkill River Project. That project was developed to try to take all the coal silt out of Schuylkill River and clean up the river so that folks down in Philadelphia and down that way could drink the water.

It was at a point where the water was so bad back in the 1940s that they didn’t want to drink the water in Philadelphia and for many years after that, I think it was back. And a lot of the reason for that was the coal silt sedimentation coming down. There’s efforts now to remove some of those bans and --- and stop that activity from occurring.

There’s still a lot of sediment going downstream. A lot of that is coming from these
coal banks that we’re talking about here that could be taken care of with the coal generation plants. And I hate to see that happen.

I’d like to take a moment to say to Mr. Meuser that I’m very happy working with the pilot projects. I’m not sure if you’re aware of those. But the federal government has money out there in grant funding and pilot projects where we can get some big dollars to do some big grant money projects. I’m just --- I am completing one now down near Auburn. We’re on 17 acres of floodplain, we removed the coal silt from down there and --- and restored that floodplain. So not only are we keeping the coal silt out of the river, we’re restoring the floodplain that reduce flooding.

We have two other
projects that are going on in
the county. One in Duncott ---
or, I’m sorry, Duncannon, and
one near Pottsville. Both of
them were in the --- in the
neighborhood of 900,000 cubic
yards of sediment on these coal
beds, they’re sitting right next
to the stream channel that
continues to go down into the
streams and, you know, adds to a
lot of flooding in Tremont and
Pine Grove. We’ve had some
unbelievable bad events happen
in the last couple of years.

And those --- those
communities, and there ---
there’s no --- there’s no
incentives for the private
industry to get out there and do
this because of these Co-Gen
plants going down. Every time
we --- we try to make
arrangements with Olyphant and
Panther Creek and those folks
who do this are all saying the same thing. You know, we’re kind of --- you know, the economics are not helping us any, you know, to help you out doing these kind of jobs and stuff like that.

And we all know the banks get away from these plants the more difficult it is, the more costly it is to --- to get the material to them. So what we do in the watershed group is we try to get out there and get grants to assist moving this material to get it close enough for these guys to operate with, but you know, it’s --- it’s a challenge. It’s like a challenge for them, and they’re all willing. That’s the part that I love, like Northampton and those folks, are all willing to help, but they’re hands are pretty much by tied economically.
And I --- like I said, I’m not in the neighborhood of these guys, very educated and all that other stuff. I’m speaking from the heart. One of the things that --- that has always bugged my brains is we can spend billions and billions and billions of dollars to go over to Arabia and them other places in the Middle East and take their oil. And we’ve got this great industry right here in our nation, our own USA coal, that we could take care of with some help on our own soils. That --- that’s all I ask.

There’s one percent that like to spend overseas on --- on oil and all that other stuff. Bring it here to our people and help them out. Thank you.

CHAIR:

Thank you very much.

Mr. Meuser, if you’d like
to ask the first question?

MR. MEUSER:

Thanks Chairman. I appreciate that. So I do have to part in about 10 minutes, I found this greatly educational. Thank you. Thank you for all your work. Vince, Hank, All of you. Bobby for all you’ve done over the years. I mean, it’s been some significant progress that sometimes I guess we --- we forget.

Let me ask you, over the last 20 years that the reclamation has been taking place, and Bob, you mentioned that there would be as much as 300 million tons was --- was actually reclaimed. How much of that came from because of the Co-Gen plants? And how much just from other reclamation measures?

MR. Hughes:
Well I think the --- over the long term, I’m not sure if the numbers I have are broken down by the actual Co-Gen plants versus what the state puts in, and what the coal industry actually reclaims when they remine these sites after SMCRA. So there’s --- that number was the total number for --- for Pennsylvania.

The amount of waste material that’s sitting out there was 224 million cubic yards of material. A river supplies over 5,000, if I’m correct, in terms of the plants across Pennsylvania, the --- they intend to be able to do that a lot --- I’m not going to say a lot quicker, but they can leverage additional dollars for the reclamation, it goes a lot further than just a --- a federal contract or loan that
might come true through the Abandoned Mine Reclamation, where they’re not being able to leverage and industry dollars come in from the private sector.

The federal money would come in through the AML fund, you’ll get put out to a bidding process. And those will also create jobs hopefully too, but it doesn’t bring any additional investment to the table for that site to be further used for another use.

It’s typical land reclamation job under SMCRA that says we’re going to both hazardous and reclaim the landscape, but you just got to --- you just got to seed it, grass it, and then if you want to add private sector investment, we do it like the Earth Conservancy has done down in Luzerne County, you know, get
that work done on the front end, have the private sector come in, they do that air compaction, they’ll throw down whatever they need to put down the footprint of the building plans or job creation and, you know, whether it’s warehouse distribution or the other uses that they used for those industries, that comes in later, but they’re able to provide additional dollars to do that. So ---.

MR. MEUSER:
Would it be fair to say if the Co-Gen plants did in fact collect business and that is no longer functioning, that there would be an additional 110 million tons of coal banks in Pennsylvania over the next 10 years?

MR. HUGHES:
It’s going to sit there. It’s going to sit there for
decades. It’ll be here forever.

MR. MEUSER:
And from an electrical
supply standpoint, without the
Co-Gen plants, how much would
that affect our electrical grid?

MR. HUGHES:
The installed capacity of
the remaining plants is they’re
all very small with the
exception of super (sic) which
is in the bituminous region.
The total remaining installed
capacity if you would include
ccoal is probably only about
1,200 megawatts. That’s
slightly larger than one plant,
say Conemaugh or Keystone.
Their units each are 936
megawatts installed capacity.

So it’s not so much that
they produce a large amount of
electricity and less now than
later, but it’s just that you
have the ability to some degree
pay for --- you monetize --- you monetize the coal refuse. Because otherwise the environment stays. You monetize it. It greatly reduces it phase for a portion of the cleanup. You’re not reaching out to a government agency to fund all of the removal and remediation associated with the pile.

**MR. MEUSER:**

Well, again, thank you all for your work. Thanks for dealing with and reducing the carbon emissions through the various pollutant controls and keeping coal plants’ heads above water. Just thanks for the great impact you’ve made on the Commonwealth over the years. I appreciate it.

Mr. Reichert, I look forward to speaking with you directly about the sort of plans we can come up with.
MR. WEICHERT:
Thank you. It’s the first I’ve heard that, so thank you.

CHAIR:
We are focusing on the environmental benefits. We have a panel here. Wondering if anyone – Mr. – go ahead.

MR. MASSER:
I look at this strictly as environmental benefit. This is --- this is cleaning --- cleaning our environment, helping our environment. What --- what’s the other option for reclaiming this? I mean, you can’t really bury it without being --- I mean without metals going into the ground again. Right?
I mean is there other options that ---? I mean take the economics out of it.
MR. BRISINI:

Well to have a process that’s comparable to the process performed by the coal refuse energy, you would essentially pick it up, do the best you can on the site, and take the material to an approved disposal site. Some people have identified, well, we’ll just plant beach grass on it, and that was actually turned out to be a failed project in, I don’t know if it was West Virginia, Maryland, Virginia. But that ended up having a completely different reclamation process occur after that beach grass people counted that as just a build.

The point you’re making is correct. If you don’t remove it from the site you will have surface and groundwater pollution even if you try and
bury it.

MR. ZIELINSKI:

Can I add to that? So yesterday we were talking about an old attempt called Operation Scarlet to remediate abandoned mine sites. I think this was in the late sixties that they did this, but there was significant amounts of money that were spent. Basically they went on these sites, they brought a bulldozer in, and they tried to reshape the --- the site, put grass seed on it, hope for the best.

Years later, we actually went on one of these sites and remined material out of it. It's right alongside the Lackawanna River in Old Forge. And there was --- I couldn't believe that the adjacent site was --- it was reclaimed. And the folks told me, they said,
you don’t even need to go over there because it’s all reclaimed. It was like a waste coal site or something. There was nothing on it, it was reclaimed.

I went over, I saw the old sign falling down. It was actually one of these Operation Scarlet sites. So there’s nothing on it today. It’s back to what it used to look like. It’s back to what our sites look like today, the ones we’re working on, that don’t have any vegetation on it. And they look like a giant coffee filter sitting there, percolating water through it with the Lackawanna River sitting right next to it.

MR. MASSER:

So the metals will still get into the waterway?

MR. ZIELINSKI:

Exactly.
MR. HUGHES:

Yeah. Most --- most people don’t understand that the underground mine work is throughout this entire, you know, 484 square miles of the coal region here in northeastern PA. The amount of undermined rock and material of coal that has been removed is --- is fractured pretty much to the surface with a few places in between.

So any time you think it’s going to rain and you got a coal pile out there, that water is going to percolate down into that coal pile, and that recreated material. And that formation of mine drainage is going to happen. If it’s fractured bed below that surface where the coal pile is, it’s going to go basically down into the underground mine workings
and then it comes out at the discharge.

Over the last 10 or 15 years, I believe it was what we’ve been able to do it start mapping out those underground mines and we call them mine pools. And there is vast volumes of water that has the potential to be reused but mine discharges that are coming out every day. Like South Wilkes-Barre.

That’s been flowing since 1974. It’s 15,000 gallons of it’s polluted the lower three miles of the Susquehanna, or it’s going into the river with metals coming out of it like iron. It hasn’t been tapped. It hasn’t been used as a resource. It hasn’t been seen as a resource and can be used for alternative energy or electrical generation.
So that’s contributing to a lot of the problems. When the banks --- the banks are still left there unreclaimed, in addition to all the stormwater we get that infiltrates our streams and rivers that in most cases, and I think Bill will tell you, stream is overflowing a lot, until there’s nothing. And that’s just because the water goes down underneath and it’s a lost stream that goes into the underground mine drain --- become mine drainage.

MR. MASSER:
If I might, you know, I look at it with the way Mr. Reichert has to look at it. We can take care of all of these discharges that are coming out of the mine pool. You know, I said 35 billion gallons of water in the mine pool down in the Mount Carmel area, but if you
could address the --- if you can address it rapidly, you won't have the discharge, but then they're going to flow into the world's largest coal pile built man-made mountain, and they're still going to get metals into there.

So this is certainly an environmental standard for us. I mean, get rid of these piles. And I want to thank you for your work.

MR. REICHERT:

Well, just before you get off of that, we are trying our best to --- to look at just what you're saying about once we clean up the water, is it going to go back down to the stream and get polluted. So thank God DEP and all of OSAEPA are working with us. We do try to put together what they call a watershed implementation plan.
But we haven’t actually put together plans for how to address these discharges, so we are sending the clean water downstream, and that could become polluted again.

But, you know, one of the things we are shifting from is, especially in my organization, is water treatment. We’ve done a great job on that. But now we’re --- we’re looking at the sediment issues coming from these coal banks and stuff that are not only the metals and pollutants they put in, but the sediment itself really messes up the whole environment.

MR. MASSER:
Sure. Thank you.

MR. REICHERT:
You’re welcome.

MR. WENTLING:
Thank you very much, gentlemen. It’s been a pleasure
not only to hear your testimony today, but to work with you over the last few decades of my public career, representing a large portion of the anthracite region and Carbon and Luzerne County, having plants and their creek and Carbon County as a Co-Gen plant and having thousands of acres of abandoned mine land in Luzerne County.

When the Commonwealth looks at environmental disasters, it looks at creating economic opportunities for our communities, we generally approach these difficult issues through public and private partnerships. I don’t believe there is any better example of a public private partnership that has benefitted Pennsylvania more, certainly has not benefitted my district, more than the partnership between the
public sector, the Commonwealth of Pennsylvania, organizations like EPCAMR, Earth Conservancy, and the Coal Refuse.

I want to touch on some of the testimony from Mr. Zielinski. Senator Argall has stepped out. But Senator Argall and I championed the coal refuse tax credit in Pennsylvania. We were successful in the funding of that tax credit from $10 million to $20 million.

But it was very instructive to me as we went through the legislative process and met people in the finance committee. And to hear some of my colleagues in the legislature who don’t understand the coal regions. When we were making the argument that it was important to increase the coal refuse tax credit, to look at other ways through the
alternative aging portfolio standards act, to give an advantage to the coal refuse industry, we heard about industry markets.

As you noted in your testimony, Mr. Zielinski, that the energy market as it exists today cannot sustain coal refuse industry. And one of my colleagues asked, well why should we subsidize an industry that cannot sustain itself in the free market? This colleague also happens to support the Commonwealth going to 100 percent solar by 2030. We subsidize the solar industry. We subsidize the wind industry.

That was the whole purpose of the alternative portfolio energy act that we were going to subsidize those industries that have a overwhelmingly positive
environmental benefit, as the coal refuse industry does. So we have those two incentives, the EPS and the coal refuse industry.

How are they working? To help sustain the last 14, we lost 4 plants, we’re down to 10 plants. How are they helping you sustain? What can we do to improve those two incentives? And what is the impact of the proposal on regents that was released just a few weeks ago by DEP?

What is going to be the impact on regent on those two incentives that we’ve had in place to help sustain the 10 plants that are currently working and, by the way, producing, and to the benefit of my colleagues, Northampton Generation and Earth Conservancy over the last 10 years,
reclaiming about 2,000 acres of land, not only has sustained 3,000 jobs in the coal refuse industry, good energy jobs, they help create 4,600 new jobs in the private sector in the 81 corridor on former abandoned mine sites.

I can’t thank you enough for --- for sticking with us for the last 20 years, reclaiming that land, and giving us a shot at economic prosperity. That would not have happened without the coal refuse industry.

So I’d like to understand. I understand market pressures. We put two incentives in place. How are they helping? How are they not enough? And --- what will regent do to those two incentives?

MR. BRISINI:

Yeah. The --- the
circumstance you have around the market, PJM, is that it’s in fact not a competitive market. It’s a manipulative market. For --- in their own opinion identified the PJM as artificially suppressed prices. By virtue of the ability to --- for resources to bid in at their subsidized price, it has resulted in the capacity market --- there’s two markets --- there’s actually three markets. There’s the capacity market, there’s the PJM market, the real time market, that you bid into. So the advantage of the $4 per ton of coal refuse used is helpful. But this particular industry, because of the fuel that’s actually used, the process that you have to go through in using it, and the greatly deflated price in the capacity market, is what’s
jeopardizing these plants. These plants now, in many cases, are struggling to get to June of 2021, when the capacity price will actually increase significantly. In fact, nearly double the capacity market price. The capacity market is basically a payment for maybe one day so that somebody will be there to operate when you’re called into service.

But in the day ahead market, the bid price is higher than there are in the case of other resources. Now, the --- probably the more difficult, the solution for is an over rule, that essentially says you can’t bid your subsidy pricing. That would negate the benefit of the coal refuse tax pay in Pennsylvania as a state program. Federal programs, for example, the federal tax credit,
would not be affected by that. That would be considerably more. And that also would --- would be a tax credit three times the --- the level. One of the things that I think has happened in the tax credit is that the value that’s received for that tax credit has been grossly underestimated.

When you look at a project like Airfield (sic) in Cambria County, that particular project, because of a special circumstance, because the pile was all but completely burned out, because a mining company that was a property adjacent to that property needed to be filled and because the Department of Environmental Protection Bureau of Abandoned Mine Reclamation was very smart and astute. They were able to do the project to remove 3.25
million tons of coal refuse from their fields and reclaimed the area. They got the transport distance of two miles to take the material. And it’s a project, they didn’t have the lowest price reclamation project ever.

But the other prices to deal with that were somewhere in the vicinity of I believe 60 million and over, probably in the vicinity of $100 million, if you were to have a project —— the reason I bring up Airfield (sic), that’s the only project that I know of that actually replicates the process that is undergone by coal refuse facilities.

So by virtue of that, you look at it, and you say $4 per ton used as fuel, you’re actually —— for every ton of fuel, you’re probably —— I’ll
say it this way. For every 100 tons of fuel you use, you're probably reclaiming 125 tons of coal refuse. Hank mentioned material that's left behind. Handled differently in the bituminous region versus the anthracite region, by bituminous material is so much more acidic and damaging. It's actually left on a site and encapsulated and circulated fluidized bed ash.

So is $4 enough? Well, it's helpful, but it's --- it's has --- it works great for some facilities and not so great for others. But I don't think that that adequately is a --- a recognition financially of the benefit of the coal refuse facility and the particular projects they perform.

MR. ZIELINSKI:

How about the AAPS?
MR. BRISINI:

Well, the APS, we’re tier two. I mean, if you were tier one, it would be great. But the Pennsylvania waste coal was pushed to tier two and instead of $6 or $7 a megawatt hour, I think we get something like 17 or 18 cents. I’m sure Jaret Gibbons in his testimony will talk to the specific pricing associated with tier two credits.

MR. ZIELINSKI:

Those credits are helpful. We tried alternatives in the past and found out what - what was, you know, you can tell what you’re actually getting, significant credit. So if we were able to earn, what we can with this thesis, and if we can take stocks from projects out there then we’d be able to get the significant credit, but our
facilities aren’t designed to deal with that. They’re --
they’re designed for restored remediation.

MR. WENTLING:

Well, we are going to go ahead, we are running quite over, and we’re going to get to Senator Baker, please.

MS. BAKER:

Sure. And I’ll try to keep this quick, but I really appreciate the background and information as a young person growing up in the Wyoming Valley. Those black mountains were what we thought were mountains. And --- and to see what you’ve done, it’s really very impressive, and I want to acknowledge that.

I know our colleague, Senator Yaw, is not here, but is Chair of the Chesapeake Bay Commission. We know that acid
mine drainage is one of the top contributors to pollution in the bay. Are we quantifying the work that you’re doing, is that translating into the watershed encroachment plans? Are we --- are we getting credit for the work you’re doing, and how can we utilize that in a better way, knowing what we have to do to clean up the Chesapeake Bay? You are a key contributor and a key part of helping us to reach that goal.

MR. REICHERT:
Yeah. That’s a good point. I --- I doubt that any credit is coming from the work that they’re doing cleaning up the piles. We do the work that we do with the treatment system and stuff, you know, that’s --- that’s --- we monitor them constantly and we give them that information, but I doubt anybody
is doing that, right Bob?

MR. HUGHES:

Yeah. I’ve got the numbers to show our Gen-S (sic) technical system providers. We put this together for the Chesapeake Bay. In Pennsylvania there’s 14,562 acres of mining areas that are supposed to be under abatement to be reclaimed by 2025 under the Watershed Implementation Plan.

There’s an estimated 1,900 abandoned mine land problem areas, 10,400 unreclaimed features, that total 73,080 acres and 2,290 reclaimed features, totaling 13,140 acres.

There’s 1,305 stream miles impacted by AMD just in the Chesapeake Bay Watershed alone. That’s a lost recreational value with numbers I put in my testimony for anglers alone, in the amount of $72 million
annually in the Susquehanna River Basin.

If we combine that with the Delaware and Ohio River Basins, there’s 2,834 stream miles that have been impacted for total lost recreational value by anglers in the amount of $146 million annually.

Susquehanna River Basin has 489 untreated discharges in the Susquehanna Basin alone. And those untreated discharges send 73.6 million pounds of acid and 31.5 million pounds of metal sediments, iron making up 89 percent of that, aluminum 11 percent, downstream to the Chesapeake Bay. And in the Chesapeake Bay’s model, you don’t count the AMD for sediment reduction.

And that’s a problem. Because if we took away all the treatment systems that are in
the west branch of the
Susquehanna and the treatment
systems in Northeast that are
holding back all these metals,
where do you think they’re
going? They’re going to go to
the bay. And it's not uncommon
for now, but the sediment is
building up behind there, the
sediment and coal and coal silt
banks that are along the banks
of these rivers and streams that
are sending that pollution down
there.

We got to deal with the
man waters but the Chesapeake
Bay remodel is recognizing it,
they’re doing sediments in the
agricultural radar, they’re
doing nitrogen and phosphorous,
but they forget about all the
sediment from abandoned mine
drainage to be accounted for.

And we had issues with
stormwater, in Wyoming Valley in
particular, we have more mine

drainage discharges in the

Wyoming Valley than you can

shake a stick at and the

discharges and the pollution

load is coming in from Solomon’s

Creek, Nanticoke Creek, Newport

Creek. Mr. John - senator

Yudichak has been with me up in

the valley and we --- it just

continues to flow, untreated,

and at the state level, those

watersheds are not priority

watersheds for funding right

now. So there’s no treatment on

any of those big discharges.

And the mine pools are enormous.

240 billion gallons of

water is in the Wyoming Valley.

160 billion gallons of water is

coming out of Old Forge. And

that’s just between Archbald and

Old Forge. So there’s billions

of gallons of water that’s being

untreated, going in, and Old
Forger portal is probably the largest discharge into the Chesapeake Bay. And East Coast we’re the nation, second to the Generation mine coal that’s coming out of -- down in Nescopake Creek, in terms of slow volume and pollution volume, and not being addressed and the treatment that’s already been done by watershed groups like Bill in Schuylkill. That’s not the Chesapeake Bay obviously, the Delaware plant, it’s not being counted. The reclamation that these guys have done in terms of reforestation or credits for reforestation, that’s not being counted. That needs to change.

CHAIR: We are going to --- again, before we wrap up here with the environmental benefits, I just wanted to mention very
briefly that this committee has started over 50 years ago and is specific to helping to address acid mine drainage. So that’s the origin of this committee. And I just wanted to mention that for the --- for the benefit of the public and --- and our members.

So we’re going to go ahead and move on. Thank you very much for your testimony. We’re going to move on to the panel on economic benefits. And for those folks that are able to join us here, we’ll let them introduce themselves and speak. Thank you.

In the --- in the interest of time, we are running behind as we mentioned. Excellent testimony, and we’re going to continue that with the panel on the economic benefits. Mr. Gibbons, if you could
introduce yourself and --- and
we’ll go ahead and get started.
So thank you so much.

MR. GIBBONS:
Thank you. And my name
is Jaret Gibbons, and I’m the
Executive Director of ARIPPA. I
--- on behalf of ARIPPA I want
to thank the JLCC for scheduling
this hearing for today to
discuss the coal refuse
reclamation energy industry.
ARIPPA, or the Appalachian
Region Independent Power
Producers Association, so of
course the short --- it became
short --- we go by ARIPPA, is a
nonprofit trade association
representing the coal refuse
reclamation to energy industry
in Pennsylvania and West
Virginia.

ARIPPA’s membership is
comprised of environmental
remediation facilities that
utilize circulating fluidized bed, or CFB, boiler technology, to convert coal refuse into electricity and use resulting beneficial use ash for reclaimed polluted coal refuse sites.

This is a very unique industry. This helps the state turn an environmental challenge into economic opportunities.

Back in 2006, EconSult Solutions, an independent resource, conducted a study of the economic and environmental impact of Pennsylvania’s coal refuse energy industry. Then in 2009 they expanded upon the study, to identify factors causing the decline of coal refuse reclamation energy and the environmental and economic benefits to the state and federal government as well as the general public, that would be lost if the industry were to
disappear.

So on the floor work, is about 40 pages long. I have a copy of it here. And you can get a copy of that on ARIPPA’s website if you want to read the whole thing, but an executive summary was included in your packets today that summarizes their findings.

Now, coal refuse facilities are distinctly different from traditional fossil fuel from power plants. In fact, I would go so far as to say they’re principally not power plants, and should not be thought of or treated as such. Rather, they are environmental remediation facilities that produce energy as a byproduct of waste disposal and reclamation material production process, which --- which the energy is then sold to help fund the
remediation process.

So included in the handout today, a map that shows, you know, where the location of the plants, the picture shows how coal refuse strategically is located in close proximity to state’s coal refuse piles, so they could reclaim these sites with nearby resources.

Now in the Power point that was included in your packet and your similar map that was produced at this time last year. So the map -- you know, the map, again, the map that I handed you today is a more recent version. That was just produced in the last couple weeks. You can see that in the past year the number of closed plants between the two has increased from two to five. There are an additional two to four plants that will likely
close by this time next year if there are no significant changes to current operating conditions.

This production will have a significant impact on the future of both environmental and the economic benefits the industry can provide. The remediation activities that the industry --- of the industry deliver documented benefits to the environment, the Commonwealth, and the public at large, relative to probable --- probable alternatives of leaving coal refuse piles unaddressed.

While these environmental benefits are substantial in economic terms, they are not captured within the industry’s business model. Rather, they are positive externalities that accrue for the general public. Meaning the plants can deliver a positive societal value even if
their activity is not profitable in the private market setting. These benefits include water quality improvements, public health and safety benefits, land value increases, and positive air quality impacts. For example, coal refuse pile reclamation by these facility reduces uncontrolled emissions from burning coal refuse piles and creates carbon states by removing coal refuse and restoring vegetation at abandoned mine land sites. These activities yield quantifiable, environmental, and public use benefits, estimated to total over $9 million in just one year, and grossed nearly $65 million by year 20. If I total a $740 million, an average of $36.9 million per year over a 20 year period.

To achieve the benefits
described previously without the industry, the state could alternatively commission the removal of piles, disposal of the refuse, and rehabilitation of the sites. The cost of this effort to the state represents the avoided cost from the activity that is instead undertaken by the industry.

Econsult reviewed bits from a relative reasonable awarded DEP contract arose for the removal and disposing and rehabilitation of a 62 acre coal refuse pile in Pennsylvania. Under controlled disposal costs of this project by relocating the refuse to the nearby strip mining land transportation storage costs. But there are three other things that are more likely reflected in the typical cost the state would incur for disposal.
Combined, the estimated disposal and removal costs range from around $11 per ton in the most ideal situation to around $33 per ton under more typical conditions. Rehabilitation costs represent an additional $20 to $23,000 per acre. And these costs replicated in the annual removal of 8 million tons of coal refuse and remediation of 240 acres as currently generated by the industry would cost --- it would cost Pennsylvania between $93 and $263 --- $267 million annually.

Addressing all identified piles across the state, it would cost as much as $7.4 billion. And that’s with the identified piles. You know, certainly the --- there are a number of piles that we continued to find, you know, that are not identified in the DEP register.
The industry is also a major economic generator and major employer in Pennsylvania, while playing a prominent role of disadvantaged rural communities across the states to legacy coal mining regions, up here in the northeast, the anthracite, and in the western Pennsylvania bituminous regions. Plants are economic anchors in their host jurisdictions, serve as employment hubs, and large components of the local tax base.

Direct expenditure by the industry are estimated at $363 million annually. And industry employees earn an average salary of greater than $75,000 per year. The activities of the industry extend well beyond the footprint of the plant themselves. It comes from the fuel pool site of mining,
transportation, energy
generation, and environmental
remediation.

Including spillover
effects, the annual economic
impact of the industry in
Pennsylvania is $615 million per
year, supporting nearly 3,000
jobs and --- and generating $18
million in state tax and fees
alone. And that’s not including
local property taxes and --- and
other contributions they make to
the local communities.

In conclusion,
Pennsylvania’s coal refuse
reclamation energy industry
serving three decades of a
valuable environmental
remediation for the
Commonwealth. The industry is a
unique private-public
partnership that allows
facilities to generate
electricity and at the same time
restore the environment of the Commonwealth. While converting coal refuse to energy does not currently hide what’s a market based remediated energy production, it remains as valuable and cost effective means of environmental remediation that delivers a strong public return in these investments.

The industry is historically the most effective and prolific actor in remediation of coal refuse piles. But the current economics of the industry are unsustainable. And without some intervention will lead to further plant closures and permanent loss of their public, environmental, and economic benefits.

ARIPPA and our members want to continue partnering with
environmental groups and public sector agencies to promote the values of reclamation and find ways to secure adequate sources of funding to sustain and increase the current level of mining-affected land reclamation activities.

And I’ll just note that any --- in the Power point that was provided to you, I think there are some wonderful pictures in there, you know, it might be a little smaller to read it - to look at the printout, but --- if you look at the printout, but, you know, I mean, I won’t go through them. I did at the last year meeting. You know, I think the picture is speaking --- is worth more than 1,000 words.

If you can look at those sites and see these landscapes that look like the surface of
the moon, black, and dark, and
dirty, and the follow up
pictures after the work is done,
you know, these are often green,
lush fields, or mines converting
them to useful economic ---
economic generators for things
like commercial development, or
recreational fields, like soccer
fields and baseball fields.
There’s --- there --- there are
great economic, you know,
aspects of this to the local
communities that go far beyond
even what the industry does.
So thank you for your ---
for your time and I look forward
to your questions at the end.

MR. JAYNE:

Good afternoon. My name
is Roger Jayne. I’m a business
agent for Local 13 Boilermakers.
There are approximately 650
active boilermakers working in
the 13, which covers the eastern
half of Pennsylvania.

Boilermakers are skilled craftsmen and women that install, assemble, repair, and maintain boilers, tanks, vessels, refineries, and nuclear plants.

But mainly, I maintain the coal boilers has consumed most of my 30 plus years career. It’ll be actually 31 in April. I started in 1989. And ironically building Co-Gen Plant as our apprentice running out of Panther creek, working for Vetco. I went from there to Northampton and after Northampton was completed I moved into PPL circuit. So it was pretty cool, but for the last seven years of being a business agent, there was annual outages on --- back then every single boiler. We would take sometimes 300 or 400
boilermakers and they would last up to 10 weeks to boil maintenance.

The annual outages have turned into two to three year cycles because of the --- the competition from natural gas and it was - my personal best was like 73 days straight working 10 or 12 hours. And that was installing NOx which is nitrogen oxide gases and harmful greenhouse gases. It was pretty big thing back then for PPL. They really put a lot of time and money into that, to meet EPA requirements.

So that was in the late nineties and then in the 2000s was a really good time to be boiling because we worked spring to fall for 10 or 12 weeks. But lately the outages are like next to hardly at all because of the costs of the competition with
gas is. It’s not feasible. They’re just not running.

So Pennsylvania, they cut CO2 emissions by 33 percent in 2008, and mercury emission was also on PPL’s radar because we did put mercury in the boilers for --- for that purpose, but we never did use them because after emissions and everything were installed the initiatives were low enough that they didn’t --- they didn’t see a need to --- to go that far. Because the mercury was reduced.

Pennsylvania will join the making of increased power and energy states through PJM and most likely through plants that will be carbon emitting sources. Coal refuse plants, co-gen as we call them, provide a unique environmental benefit and remain the most viable way or remediating the hundreds of
refuse piles scattered across PA.

Coal mines have a tough enough time competing with PJM and will get even tougher if it’s imposed because it’s estimated that $6 per megawatt power to the coal plants and 8 to 12 in coal refuse electricity, this will quickly accelerate the closure of PA’s remaining coal plants, which in turn would make it hard for me as a boilermaker to --- to go to work and I would have to go elsewhere out of state to provide work.

Statewide coal industry supports 17,000 direct and indirect jobs and generates nearly $7 million in economic output. Closure of the remaining coal plants will result in substantial job losses and the community to depend on
the tax revenue generated by coal fire plants will be struggling once the plants are down and most likely become a distressed community.

Many of our plants have already made substantial investments, as I talked about, emissions and environmental control technology remain viable power through access to their owners. If the market continues to push them out, so be it, but let’s not accelerate what the markets are doing. Thank you.

CHAIR:
Thank you very much.

MR. BLAND:
This is John Bland. I’m sorry he wasn’t supposed to be here as me but he’s out. My business manager for local 13.

MR. JAYNE:
Thank you.

CHAIR:
Could you fully introduce yourself for the stenographer, please?

MR. BLAND:

Yes, sir. My name is John Bland. Business Manager of Local 13 Boilermakers. We have 41 co-gens in Pennsylvania. We also cover one county in Delaware also.

I thought it was important to make --- like I said, I had Roger give testimony because I didn’t think I was going to be able to make it here, but ---. But I thought it was very important, and I’d like to thank you for letting me address the representatives of the state here.

I want to touch on a few other things. RGGI is going to basically do a lot of horrible things. One, the devastation was and is currently happening
right now. You’re going to hinder them right now if they can even afford to keep going. Second of all, you are probably looking at another 21 possible plants in Pennsylvania over the next few years, five to six years.

If you have RGGI greenhouse gas emissions go from here. Why would anybody else want to build another plant here? All that infrastructure, all that money, all that tax revenue, is going to go to a non-RGGI state and they’re just going to pump the energy over. That’s not going to come here.

Carbon capture is one of the biggest things that I think we need to use in our facilities. I think more specifically for the government right now over the last 19 years between state and federal has
gave over $180 billion in subsidiaries to solar panels and wind farms. And it’s not cutting it.

You have more carbon emissions building your wind farm program. Your average 112 --- I’m sorry, 212 foot windmill, it takes over 70 tons of carbon steel to make that kind of windmill. And also 800 metric tons of concrete. And it only has 20 percent efficiency on energy. And they have a major problem with them running now. They’re not efficient.

Germany is your biggest country that’s been pushing the windfarm program. Am I correct? I’m sure everybody is on board with that. November of 2019 they just voted to stay in the windfarm program. It’s unstable. And it was costing their community and their
citizens a lot of money on electricity.

So we got to take a good look at how we’re moving our energy. Is coal going to be around for another 100 years? I don’t know, but I think we’re moving too fast to get away from it. The alternative energy is what they’re talking about. Nobody has a good answer to that right now.

You’re --- everybody is talking about solar. We’re going to go 100 percent solar. There’s already a major issue in the solar panel process. They don’t know what to do with them. You can’t put them in with all the waste products. So we have to take a good look at what we’re doing.

January, we had the presidential summit in Philadelphia. And I had a
question for presidential
candidates. And part of it was
the windmill subsidies and what
they did and everyone wants to
give to the fossil industry.
But they don’t have an idea or a
plan to go forward how to do it.
Everybody is going to get up
there and promote to kill this
fossil industry, but every one
of them who doesn’t have solar
farms -- I’m sorry, solar
panels on their houses. They
don’t have wind farms. They’re
still relying on our power.

I just wanted to get my
little point across. Thank you.

CHAIR:
Thank you very much. And
thank you for the testimony
regarding the economic benefits.
And we are just going to take a
moment to see if there’s any
members that -- Mr. Guerrieri?

MR. GUERRIERI:
To Jaret. How many plans have gone away --- coal refuse plants have gone away the last five years?

MR. GIBBONS:

So we’ve seen five plants in Pennsylvania. The first that closed was the Pine Creek facility in 2013. That’s in western Pennsylvania. And then that --- that was really the --- the only one initially, and then most of it has been in the last eight --- 18 months --- actually it wasn’t 18 months, starting with the Echo facility up here in the end of 2018 and then just in this past year we saw the Kimberly-Clark facility shut down, the Cambria Cogeneration facility shut down, and here in about, you know, a week and a half, the Frackville facility was shut down.

So, you know, so as of
the end of this month it’ll be five facilities that are shut down and we have one more that has a closure on the books with PJM scheduled for later this year. Now that could change if things change between now and then, but --- so we’re not counting them out yet hopefully if --- if somebody --- if the state or federal government steps in, but there are several others that --- almost all of them are operating at less than their full efficiency and --- you know, just to try and get by, they’re laying off --- you know, we talk about the economic impact.

Mostly they’re laying off employees that are operating at less than the optimal capacity, you know, so there economic impacts just not occurring. They’re not doing their
deferring maintenance. It just, you know, exacerbates the problem year after year.

MR. MASSER:

Oftentimes these --- these plants are in old coal towns, naturally, where unemployment is at --- is --- is a problem already. They’re oftentimes offering the best jobs in the county, or one of --- certainly the Mount Carmel plant is one of those stories where, you know, they’re offering good jobs to the people in that region.

Am I right when --- sometimes when these plants shut down they’re dismantled, I mean, they’re --- they’re razed, so they’re not coming back?

MR. GIBBONS:

Yeah. I --- yeah, again, the --- Pine Creek facility was the first one is completely
dismantled. I was just out in Ebensburg doing a tour with somebody yesterday. The Cambria Cogen facility, I saw the demolition crew on site. They just started there. So the body is still up, but I understand that the inside is already torn down and by later this year the body will be as I understand an acting plant they’re starting to do work on that as well in the McAdoo facility, so ---.

Yeah. Usually --- yeah, again, they’re trying to evaluate what they can, these facilities are scrapped. Yeah. And, yeah, with probably --- again, Cambria shut down last February, and so a year later here we are and start tearing apart. They’re not going to stick around long. Yeah. So, yeah, once they’re gone, they’re gone.
MR. MASSER:
Okay.
They’re not coming back to help with our department ---.

MR. GIBBONS:
Yeah.

CHAIR:
All right. Thank you, Mr. Chair.

CHAIR:
Mr. Goodman?

MR. GOODMAN:
Thank you very much. It’s still morning, so I’ll say good morning. And, again, I have to --- full disclosure here, Jaret, has been sitting next to me on the house floor out here for almost a decade, so he and I go way back with his conversation. And I was ultimately one of the champions in helping get the coal refuse tax passed in the house on the outside.
We’ve been down this road before, Jaret, you and I. I have three coal fire generation plants in my legislative district and it’s probably on it’s way out and once those plants go down they don’t come back. And as I look down the panel here and I see all the members are sitting here, every one has been a champion for your industry over the years, but what our biggest problem is, as Representative --- or Senator Yudichak was pointing to was, we have a hard time convincing our --- our colleagues outside of the coal region how important it is that we maintain this industry and the things that it does both economically and environmentally, and Gilbert power planting assignment on the --- on the cross-the-world issue ---. His plant goes down
and your lights go out.

We need a message like that that we can carry back with us when we go out to the governor and the people who are, you know, once again, considering the tax credit. It was nice RGGI had carved out before, your type of plants, but your industry is under attack. The natural gas industry and solar, wind power, seems sexy, our presidential candidates, it sounds great on a stub, but people really do not understand the impact of your industry.

As Jeffrey has pointed out, a picture is worth a thousand words. We can take all of us and take you to places in our legislative district when we were growing up and show you what it looked like then and what it looks like now, and the impact has been tremendous in
our area. I think I speak for everyone up here when I say it.

So roundabout way, wrong way. What is our message? Can we put it on a bumper sticker? Because that’s how things are sold anymore. I mean, we can talk about the Chesapeake. We can talk about Schuylkill County. My legislative district is beginning of the Schuylkill County --- of the --- of the --- of the Susquehanna River, Schuylkill River. Half of it might go to the Delaware. Half of it goes to the Chesapeake.

I always find myself --- if I’ve got 10 or 15, 20 minutes to talk to one of my colleagues from the southeast, I can turn them around. Because you’re absolutely right. Everybody loves solar panels, but they’re like televisions. You can’t throw them away. No one has a
long term --- my point is this, gentlemen. You got to give us a message that we can take in Harrisburg and sell in like one line.

Why it’s so important to maintain this industry both economically and environmentally? And that’s the challenge I leave you with today. Is there a way that we can sell this in a very, very short time when we’re in caucus, I can pull one of my members from the southeast aside and say, listen, one of my plants goes down, your lights go out.

**MR. GIBBONS:**

Well, and I --- you know, to some would say with certainty they’re concerned about their lights going out, but if I were you I’d pull out that map I handed out and show them where the Schuylkill River is running
down into -- you know, down
into the Delaware River basin.
That’s where the drinking water
comes from down in Philadelphia.
You know, this acid mine
drainage that is coming out of
the -- out of these piles is
going down into the Chesapeake,
it’s going into the Schuylkill.

You know, it is --
actually it’s on the western
side it’s going into the Ohio
and they -- they have found
acid mine drainage, you know,
I’ve been told that they were
able to identify it, acid mine
drainage coming off of
Pennsylvania all the way down in
the Gulf of Mexico. You know,
this stuff travels.

You know, and I think the
message is if you want clean
water, somebody has got to clean
this up. So unless they --
unless they come up with -- I
want to say about $7.5 billion
to fix the problem, and maybe,
you know, if they can continue
this part --- step up to
continue this partnership in
these plants.

And this is a
partnership. And when these
facilities started they --- they
were incentivized by the state,
you know, the factor in the
storm administration is back in
late eighties, and early
nineties, they saw this as a way
for the state to clean up a
problem that was the state’s
responsibility, but to
incentivize and utilize in the
private industry to do it.

And we talked so much
over the years about public
private partnerships. But this
is a perfect example. Because
we can take the --- this public
practice partnership and clean
up a problem that is the state’s problem. And you know we talked about that cost. Somebody is going to clean that up, more on the other side, but somebody is going to carry the burden of those environmental pollution from the water, from the air, that these piles are bringing.

So, you know, this is the best way to do it, but, you know, we need to continue that partnership. You started with our purchase agreements that were required under a federal law for about ARIPPA back in the late eighties. Those have since expired and actually the Colver plant out in western Pennsylvania is the last ARIPPA that will expire here in May.

Again, it was the state that got these started, because they wanted to see this cleaned up. They partnered with private
industry. Private industries continued this. Then things changed in the market and we moved from a regulated to an unregulated electric market. We continued to try to survive and try to keep this going, but it’s time for the state to step back up, it’s time for all to step back up, and show their strength to be a partner in this industry again.

**MR. GOODMAN:**
All right. You’re doing a good job, so keep up the work. Thank you.

**MR. WENTLING:**
Thank you, Mr. Goodman. Mr. Heffley, if you have any questions?

**MR. HEFFLEY:**
Quick comment and on how good a job you’re doing. Just how important this industry is to our --- to our region.
Obviously we have the Panther Creek in Carbon County, and right up the road from here in the little borough of Tresckow we had a mine fire, it’s a still active mine fire, remind you of that, but also in the --- in the waste coal piles.

It cost the DEP $9 million to extinguish that fire and waste coal pile. All they did was dig it up, douse it with water, and repile it, wait for the next lightning strike or somebody to build a bonfire and catch it on fire again. You can smell that burning through the whole town. It was --- it was an environmental hazard. We worked with Senator Yudichak and our congressmen and DEP. They did --- you know, they came in and taken care of the cost, but we’ll get back to tax credits for this industry to keep it
going and clean up those
environmental hazards. It’s so
important. And talk about the
water and cleaning up the water.

Little boroughs and
municipalities get fined all the
time, and businesses, for a
little bit of slight water
runoff, and yet we have all this
acid mine drainage happening
that we are taking care of
through this --- through this
industry, and I think it is so
important for the environment.

So we’re here to continue
to help and support this
industry. And I thank you for
your testimony and I take it,
it’s frightening when I --- when
I --- when I look at the
presidential debate that was on
the other night, and it is just
flat out frightening for the
ignorance of those candidates to
what this industry brings to our
Commonwealth and what --- and what it brings to the environment and how it positively --- positively impacts our state and our region. So we do continue to get that message out.

MR. BLAND:

Thank you.

One other thing. You know, you think of Pennsylvania, the wind doesn’t blow all the time, and the sun is not out. You need something to back it up. And we got to take care of our fossil industry, because that’s the only thing that’s really going to back that up. Until you have something else you can magically appear. But like you said, the main goal, like I said the wind’s not blowing all the time, so it’s not going to be shining all the time, so we need to keep
fortified goal limitation.

CHAIR:
Thank you very much for your testimony regarding the economic benefits. We’re going to move on then to a panel on the Energy Market Crisis.
Matt, you’re listed first, so if you want to introduce yourself, and for the stenographer, speak slowly and speak clearly, and we appreciate you being here. Thank you.

MR. COCHRAN:
Thank you. Good morning.
My name is Matthew Cochran. I hold the title of Asset Manager for Olympus Power. Olympus Power owns three waste coal plants in Pennsylvania. I appreciate the opportunity offered by Chairman Wentling to be provided the opportunity to testify today.

The subject matter I have
to present to this committee represents its historical, current, and future condition in the energy industry. You’ve already heard from a lot of the experts in the coal refuse to remediation industry that their statements covered. And that’s the economic and environmental benefits of these unique power plants.

These --- this presentation will focus on the impact the energy market has on the power plants, as you already heard. The truth is, the --- the failure is imminent for many of these plants to consume the waste coal and remediate the affected lands in Pennsylvania and correct the pollution that continues to plague the watersheds.

If you wouldn’t mind turning to the second slide.
Just a brief description on the grid, as I call it. The company called PJM, that has been mentioned today, it’s a multistate electric grid company that’s governed by FERC, which is a federal agency. Their responsibility is to provide the lowest cost energy price to the customers (industries, hospitals, retail, and homes), at the highest level of reliability.

They do an excellent job of that bidding that energy and supply the --- their customers with sufficient powers on a basis. And they also manage the bidding by the energy to the energy contract exchanges and ensuring enough energy is available to meet demands across PJM’s footprint.

On the third slide there was --- we talk a little bit
more about the PJM market. PJM
is obligated --- and this is
where state and federal
legislation comes in. They are
obligated to orchestrate state
and federal legislation.
Legislation can ensure coal
refuse to remediation facilities
can survive in a currently
uninhabitable market. And that
uninhabitable economic market,
as you’ve heard several times
tonight --- this morning here,
is not just currently, but it’s
in the future, moving forward.

Energy market projections
show that rates are not going to
improve. A lot of that is just
because there’s massive amounts
of natural gas that’s trapped in
the state. These power plants
cannot sell their energy into
the wholesale market, therefore
we can’t cover our costs to
operate. Just as any business,
you can’t market your power and
sell it or market your unit of
--- and sell it into the market
at a --- at a rate. You can at
least cover your expenses and
you cannot continue to operate
anymore. That’s why these other
power plants have shut down and
that’s why these other power
plants are approaching that same
condition.

Fourth slide here. Basic
power plant economics or any
business economics, you have
energy revenue, basically
selling that electron power,
which is we receive payments on
a dollar per megawatt basis.
Each generator receives a
wholesale or contract rate.
Some of these other power plants
that are currently existing
today, one at least that was
already mentioned, is on a
contract for a short period of
time. And if there’s any
questions on where we’re at on
these slides, it’s the slide
right here in front of this.

They will fill out their
contract and if it happens it’s
going into the wholesale market.

That wholesale market is at
historic lows on freezing cold
days like today where the power
price should be close to $50 or
$45 around the clock on average,
24 hours a day, it’s $20. So we
make a --- make a megawatt close
to $30, $32, the power prices
are at $20, $22 max on a very
cold day, it’s not sustainable,
these --- these power companies.
And that comes from the manager
of these power companies, that,
you know, they’ve been a part of
for well over 10 years.

The second source in
front of me, this is Capacity
Revenue. It’s a fixed rate.
You get that just to be able to ensure that they keep the lights on to be there for the energies for when the time comes. In massive economic or massive energy conditions such as 2014 winter polar vortex, which was, you know, where PJM was on the verge of - and loaded, I think was around 500 megawatts to bring down to certain areas just to --- because they couldn’t --- they couldn’t meet the demand.

So that capacity revenue basically ensures that these power plants will be there for industries and retail users of electricity. That’s our second source of revenue. The third source is smaller. Ancillary services. That helps us control the grid and that’s that grid by PJM. The need of this plant economics, powerplant economics, comes into play when you start
talking about power plant expenses.

70 percent of the cost of business like this is related to consuming waste coal and performing environmental remediation and the labor to do so. That’s 70 percent of this cost for these powerplants. 30 percent is the other more --- very important portions that support local taxes, boroughs, schools, and counties, and --- and the revenue that goes back to the state and federal government.

This chart right here is a PJM location margin pricing. It’s a dollar per megawatt hour that we’re seeing throughout the --- the industry. It goes all the way back to 2015. The black line represents a --- the cost for us to make energies break even.
Okay?

You see a lot of peaks in this graph. I see three that actually reach, maybe three --- three you see here. The rest of the line is below that black line, since 2015, so literally companies that owned these power plants that don’t have contracts that are in this wholesale market are pumping cash into these plants for their own benefit to be converted through cash to each standpoint to cover the expenses of these powerplants.

Although, you know, in today’s market, there was --- in previous markets in 2015 and again in 2017 timeframe, 2016 timeframe, there was sufficient energy to help cover some cash, hold onto that cash to get these power plants, pay for some of the expenses for the rest of the
year. That is no longer the case as you look at the 2019-20 section of this graph you see the -- the energy rates have dropped off, plateaued, and they’re not coming back. That’s because of natural gas prices, trapped natural gas.

There’s nothing wrong with natural gas. It’s consumption of -- it’s for consumption of generating energy prices, but that cuts our rates as waste coal to remediation power plants where we can -- you know, we can in the very near future. So that’s one of the ending -- or one of the revenue sources of energy.

The last, which is this second to last slide, is the capacity rate decline. Again, looking back from 2015 until now, it is at its lowest degrading line, linear line,
showing the degradation of the revenue. You know, this ---
this revenue capacity is to support labor, taxes, all the fixed rates received on MW basis for business.

Right?

Just to keep the lights on and generate power rates are there sufficient enough to support our operations. It --- that’s not even enough anymore. And that’s been the case since 2019 into ’20. 2021 it starts to come up a little bit, but there’s no, you know, there’s no horizon, just because it’s not there for us to be able to, you know, sustain this further.

So that’s where legislation from the state and federal level are so paramount for these plants. Without that, these plants --- without any federal tax credit from coal
consumption and even the benefit of a potential which is where you can come in as —— as —— you know, as this committee, where we can go back to the --- the days of when the --- the legislation requires that the utilities purchase our power.

That --- that is the silver bullet. It gives us the opportunity to one sell our power at a reasonable rate that is economical for these plants, and in return, these power plants will then be consumed for waste coal they can remediate the lands, employ the right people, and the same people can get their piece of the pie back, not only avoiding the cost of reclaiming the properties, but they also have the benefit of the tax dollars that come back to the state, and there’s a benefit to all three of those,
and including customers. Thank you.

CHAIR:
Thank you. Introduce yourself.

MR. RAMPOLLA:
I’m John Rampolla. I am the Chief Financial Officer of the Gilberton Power Company and Schuylkill Energy Resources, both located in Schuylkill County.

I appreciate the opportunity to speak today. And I appreciate the support of everybody here in terms of ADPS and tax credit legislation, because without that, we would be in dire straits. I mean, it’s not good now, but without that, it --- I suspect there would be many more plants shut down already. So we appreciate that.

I wanted to talk about
--- Matt did a good job explaining the markets. I just wanted to touch maybe in a little bit more detail why the energy market is in the crisis for our industry specifically. And just give a little bit of insight.

So I’m going to try and explain in 10 minutes what took 30 years to develop. So hopefully I’ll be successful. My wife told me to keep it simple because I tend to get into a little more technical detail than maybe I have to otherwise.

So before I explain what’s happening today, just to give you a little bit of insight, and you know a lot of this, but our industry was built on PURPA laws in 1978. There was an energy crisis going on. And the administration at the
time said we’re going to be out of oil today by the time we get through today. And of course we didn’t have enough natural gas to supply our own needs. We were importing natural gas and using a storage program over the summer to fill it up for the winter.

And of course our demand was growing as a country. So it was an important initiative to try and conserve energy and become more efficient. And with that, our industry was built. So we became qualifying facilities and we not only used an energy resource that was --- otherwise had no commercial value, but we started a large reclamation effort as well.

Now, those laws allowed --- required the utilities to buy our power under long term power purchase agreements. And
what that did for our industry is we became bankable. So it’s not dissimilar to somebody going to get a mortgage for their home and they have a good job that they’ve had. Well, the mortgage company is going to say well, I --- it looks like you can pay this loan back. And you’re --- and you’re going to get financing in your power plants. So that was a huge, huge benefit for those regulations at the time.

So our plants now have to finance and rebuild. They have EPA requiring the utility to buy our power, and what happened was they started operating these base load facilities. So all the power that they were to produce, they know --- they had wire (sic) for it.

Okay?

And our --- our plants
didn’t run if we didn’t get paid. Now compare that to the utilities plants. If their plants didn’t run, and were inefficient they still got paid. Because they just took that inefficiency and rolled it into the plants for three years. And everybody paid for that inefficiency.

Our plants --- our industry in general is running at 90 percent on availability. And if you look back prior to this industry the utilities didn’t achieve that. So we’re proud of that fact as well.

Now, what --- what changed? So the industry became deregulated. What that meant was the generation sources were spun off from the utilities. And they no longer had a vested interest in the generators. In fact, today you’re not even
allowed to have a profit on the
generation that they supply to
their customers. It’s just a
pass-through.

So now there’s --- the
utilities have no incentive to
offer long-term contracts. And
what --- what that’s done,
having no PPA availability, by
the utilities, is that any long
term deal or contract that we
enter into now as a private
transaction is just a simple
commodity. Not so simple, but
it’s just a pure commodity
trade.

So those commodity
agreements, which would be ---
so --- so had the industry been
able to do those, they could
have locked in power at rates
that made sense. But these
commodity trades require a
counter party to buy your power.
And that --- and let me give you
an example. If we took
Gilberton Power Company, took
their production for 10 years,
and did a long term power
purchase agreement, one cent
change per kilowatt hour would
be a $70 million obligation to
the counter party.

So let --- so let me
express that again. The counter
party who bought that power, if
rates went up one cent per
kilowatt hour, they're exposed
for $70 million when they pay
your deal. So if Gilberton
Power can't deliver that power,
they're --- they're going to be
out of business if we can't ---
if they have to go and buy and
replace that power.

So as much as the counter
party, made like Gilberton Power
in that example, they don't like
it that much and say, hey, wait
a minute, I --- I don't need you
to secure that deal. So the amount of credit and capital to do those long term deals is extraordinary. And is almost impossible to get it these days.

So our industry went to a different sales model, and it’s really was participating in the day ahead market. We’ve heard that terminology. The day ahead industry market. And that’s the title of this segment, market crisis, that’s really we are now.

So I told you all that just to explain this. Okay?

So how does the daily pricing model work for --- that our industry has participated in? Well, it’s really driven by the lowest provider for the day, by the hour. Who will sell power for the least amount of money in that particular hour?
We use a crazy system.

It’s like a reverse auction, if you’ve ever heard of that. It’s not --- it’s not --- you know, you think of an auction, it is, you know, I’m going to get my best price, because there’s going to be an auction. This is who will do it for the least amount every day, every hour? That’s what we go through.

So I --- I have some --- oh, and the other problem with the day ahead market is our --- our plants are made to be base load plants and run 24/7. We don’t cycle up and down like a natural gas plant, which is our main competitor these days. So a natural gas plant, it’s a jet engine. So if there’s call for power they step up the gas. And then the jet engine fires up and they’re producing more power.
Or if the market price dictates that they not run, they took their foot off the gas. Well, we’re burning waste refuse material. It doesn’t respond that way. And the other thing that happens is our equipment doesn’t cycle well with --- with going up and down. It cracks on our factories, breaks, it --- we have too much waste. There’s too much stress and expansion and contraction. It just doesn’t work for our industry. Okay?

In fact, to take our plant down and bring it back up may cost upwards of $75,000 each time. So it’s not a cheap proposition. To try and respond to the day ahead market.

So --- so we’re in the day ahead market and our pricing is really correlated just about 100 percent to the price of
natural gas. Now, that wouldn’t be bad in a normal situation, except that over the last 10 years there’s been so much private money come into Pennsylvania to develop the Marcellus Shale region.

So we have so much gas it can’t get out of the state. Our neighbors to the north won’t allow pipelines to be built up through New England.

Okay?

There’s --- there’s actually some wells, they drill the wells --- they don’t even have pipelines yet. It’s stranded gas. There’s so much gas in Pennsylvania it’s just caused the price of electricity to plummet. And --- and I’ll explain --- I’ll explain that a little bit.

So we have --- if you look at the first chart that I
put in my presentation. I know
it’s hard to see, because it’s
pretty small. It’s the --- the
sources of electricity in
Pennsylvania.

Okay?

Now this happened to be
for November. So we have the
base load plants, the nuclear
plants, and the coal plants.
Now we’re not really a coal
plant, but we’re kind of grouped
in that set --- solid fuels
segment of coal plants, even
though we’re waste refuse
plants.

Okay?

So those plants have to
run. In fact, those two groups
don’t cycle up and down. So ---
so now we have to bid in every
day for our power. So we can’t
risk not clearing that bid,
because we can’t shut down.
It’s too costly. So we become a
price taker in the market. So the natural gas guys, which are becoming a larger segment, they merely shape the load of the day. And whatever the price of natural gas is, that’s what they’re going to bid in.

So let me show you in the next slide. This is what happens every day. Now I was kind of hoping that --- that Dave would still be here. He knows my boss and he’d say, Ramp, we got to deal with this every day? You should probably give that guy a raise. Anyway.

This is the daily load forecast for today. This is today’s load forecast. So all of the retail electric suppliers that supply the electric to residential customers, commercial, and industrial customers, every day send a forecast into the grid operator.
The grid operator publishes this forecast. You can see how volatile it is during the day. So our plants can’t really respond to this load like this. We can’t go up and down, up and down. That’s why we’re a base load plant.

Okay?

The natural gas plants are the ones that respond to this load by putting their foot on the gas and taking it off.

The next --- the next slide is the actual prices for this load forecast. So you can see there’s an hourly --- what these steps are, these are the hourly rates that were bid into the system for --- for today.

So the first --- the first hour cleared at a little over 17 hours of megawatt. So someone said --- someone --- some plant said I’ll --- I’ll
make that power for $17.50.
Well, we bid in as price takers,
so we have to take that price.
We can’t afford to shut down.
So that’s what we end up getting
paid for the power for that
first hour in the day. That’s
what that is. That’s from ---
that’s from midnight to 1
o’clock. We get $17.50. And
you can see how every ladder for
every --- every hour is --- is a
different price.

If you put those two
charts on top of each other,
you’ll see how it’s --- it’s
just a pure supply and demand
pricing model.

Okay?

Now here’s the results.
So what I did is I --- I looked
at the results for three years,
the last three years for
January. January is typically

the highest priced electricity
of the season, because it’s the coldest in our region, and there is a -- a fairly large heating load for electric.

So what I wanted to point out here is if -- if you look at the first year, which is the green line. So it’s the average day ahead price from 2018. So what you see is a sharp spike in the beginning of the month. So what happened is natural gas was constrained and the natural gas guy said if you want me to produce power, so for instance, on January 5th of 2018, they said if you want to produce power, I am making you pay $250 a megawatt.

Now I was going to put the chart in and -- of the polar vortex year, but it -- it would have compressed this entire chart so you couldn’t even read it, because prices
approached $2,000 a megawatt. Because gas was constrained.
What did our industry do? We produced power at four cents a kilowatt hour. We had fuel on site. So --- so that speaks to the resiliency of our plants.

Now, if you --- if you were to look at 2019, I just want to point out, this is how crazy the market that we operate in every day. If you look to --- to January 29th of 2018, the price was below zero, because of congestion on the system through no fault of our own. It was a problem with the utilities distribution system, transmission system.

So what happened on that day? The grid operator said if you reduce power you owe us $3 a megawatt. Can you imagine showing up to work one day and your boss says not only aren’t I
going to pay you, but you’re
going to have to pay me to work,
and by the way, don’t forget all
of the rules and regulations of
employment in this 2,800 page
document that you have to follow
the rules with. It’s a crazy
system. But that’s what we live
with every day.

And you can see
generally, this year in
particular, it’s sub $20 in
January, our best month. It’s
crazy. Yeah. The weather is
--- the weather is killing us.
So is just --- is what we live
with.

And --- well, I’m going
to stress the same thing that
Matt did in his presentation,
that the model --- the --- so we
have energy revenue, capacity
revenue, ancillary revenues, in
the tier two EPS program. All
--- all of them help what we
need is something to bridge the
gap for the break-even cost
operation of the plants in
particular because of the
situation with the
overproduction of natural gas.

So --- so I thank you for
your time. And hopefully I
didn’t confuse anybody.

CHAIR:

We appreciate your
testimony. And if you’re
willing to wait just a moment,
if there’s anyone that had any
questions?

MR. GUERRIERI:

Just real fast, John,
I’ve heard this presentation
before, and I don’t know what
your answer is. I mean, because
all of us who are familiar with
how coal burns, it burns, and
the beauty of it is it’s there,
it’s reliable, we can count on
it, as long as it’s burning,
it’s producing heat, it can easily be regulated, and plus you’re using the material that’s not --- it’s a refuse material, so you’re actually doing us a favor in what you’re burning, if I’m following along in your conversation.

Where natural gas is what it is. I mean, you had a really good analogy about the engine and I think --- and you bring it up and they can bring it down, where refractories and everything won’t let you do that with fluidized bed coal.

Okay.

That part I don't know how you’re going to fix. My question is, going with a tier one, would that help you in any way with regards to pricing, with regards to how you can --- because I know when they regulated it was happening way
before a lot of us were elected
and they --- they came up with
deregulations and state you can
go back and argue that, whether
it was a good thing or not a
good thing.

But prior to that your
plants paid x amount and put
back into the grid, and it was a
good system for your plants to
run on. Like I said, we can
back and argue deregulation and
whether it was a thing or not.

But moving forward ---
because you’re never going to be
able to change the way you
process your plant’s work.

You know?

And --- and we don’t want
them to. Because what ---
you’re using a waste material
that nobody else --- no other
--- no other energy supplier can
use, and you’re doing a really
good job environmentally and
economically by doing it that way.

So how do we help you? I guess is what I’m trying to say. Will you be able to have tier one category, or --- because if I understand Matt’s testimony, the other ones don’t fall into this when you have --- when you were talking about your revenue side. The other ones don’t have to fall --- fit into that box like you do.

So moving forward, John, I guess my question is, what do we ask for?

**MR. RAMPOLLA:**

So that --- that’s a great question. A tier one category, which is made up typically one wind and landfill gas methane I believe is another one, those are two big ones, they typically trade much higher than the tier two credits. So I
guess you come down to how many
--- you know, I think it would
help, because you generally
trade higher, I’m not sure of
the impact if we were to move
all our megawatts into a tier
one situation, if that would
bring the market down a little
bit.

MR. GUERRIERI:
All right. I mean, we’re
at the end now.
Right?
We can ---.

MR. RAMPOLLA:
 Yeah. Right.

MR. GUERRIERI:
Tier one? Is that the
answer, Jaret?
Tier one will be given a
larger payment for their
kilowatt.
Right?
If I understand this
correctly?
Basically the coal region, we’re all friendly up there. Yeah.

MR. GIBBONS:
I think tier one is certainly --- could be larger. I think John expressed that, you know, we’d be concerned about flooding that market. We’re currently in tier two. And we --- we made up a big chunk of the tier two, but the problem with tier two, the price is low because it’s drastic. There’s just too many megawatts within that.

One method has to be --- I mean, we’ve looked at, so a couple of years ago, I believe it was 2017, the solar, which is kind of a carbon compound within the tier one portion, they closed the border to out of state, so it must be in state resources to qualify going
forward for that.

You know, so and that is expected to drive up the price there. If we close the border for the tier twos, which is largely made up of us and us and hydro make up basically almost all of the tier two stores for the most part right now. That could help push the price up to a place where it --- you know, it might be more competitive with, you know, probably closer to tier one price.

So that is --- that’s potentially an option within --- within --- you know, if you wanted to try the benefits within the APS program that would probably be I’d say the simplest way to do it. You know, there are certainly other ways you could --- you could try to work that around, but I think that would be the simplest thing
because you wouldn’t then be pushing us with the -.

MR. RAMPOLLA:
Right. Trying to move you into tier one politically would be extremely difficult. But --- but reducing regeneration to in state and in state only is --- is a little more palatable.

MR. GIBBONS:
Right. I think it would --- it would I’d say certainly be more palatable so we wouldn’t be competing in that same market with some of those other sources, and again, it would potentially drive up price. But, again --- so these things work in the market. The solar marketplace.

So, you know, it’s --- it’s supply and demand. And so if we decrease the amount of supply by limiting where they
can come from, the price is going to go up. I mean, you know, and will it get to a level that we’ll be back down – I guess, you know, too. I’m just talking about --- you know, that would get closer to coming back down, but it’ll --- it’ll definitely make it so these facilities can run more frequently.

You know, certainly we have a tax credit, he’s talking about that, but, you know, if we’re working with Congressman Meuser and budget rate because unfortunately the state doesn’t have the resources. You know, you know, we’ve got $20 million right now. That number, you know, at the federal level is closer to about $150 million a year. The state doesn’t have that in the budget, and we get that.
But, you know, EPS program, going into the rate, it's going to the rate base, and that's certainly a much easier way to do it. I mean, certainly you could --- you can go beyond that. John talked about the history of the power purchase agreements. You could do some sort of, you know, our first agreement or default pricing that would --- that would require the utilities to take --- to take this at a certain price. That would be a similar way, you know, kind of push back to the way things started.

So there are options out there. And I think I want to let Matt talk real quick, because I think he could probably address those maybe a little better.

MR. COCHERAN:

And I could get more on
tax approach, because you don’t want to have to live and die solely on a tax credit. I mean, every year we had a budget. Every year the tax credit is here. And then you’re doing --- you’re holding your breath hoping --- you know, I mean, we got through the first time at five. That was considered good. Now it’s at 20.

Right?

I mean, but still you’re struggling at the industry so what I’m saying is shouldn’t we be looking at a way to make it more competitive in the marketplace so you don’t have to rely solely on a tax credit and go in way of a ---.

MR. GIBBONS:

Yeah. And that --- that helps, a silver bullet, is --- is the latter point that he’s making on the ---.
MR. COCHRAN:
That was prior to deregulation ---

MR. GIBBONS:
Yeah.

MR. COCHRAN:
and separate requirements.

MR. GIBBONS:
Yeah. The APS credit, the federal tax and state fuel credit that is offered, and, you know, hopefully the federal will come through. That --- that’s great. But if we can’t sell electricity we can’t we can’t go global.

MR. COCHRAN:
Right.

MR. GIBBONS:
Right?

So what’s the point of either one of those, that we could package those credits up and package those APS credits up
and some of our capacities
payments and offer those as the
negotiating chip to these
utilities or makes our
powerplants look a little bit
more attractive to them on a
rate that we can now take from
them and achieve?

But otherwise, you know,
without generating electricity,
the tax credit doesn’t work, the
APS credits don’t work, and
really it’s, you know, our ---
our costs are just high enough
to where we just can’t afford
it.

CHAIR:
Mr. Heffley?

MR. Heffley:
So, Matt, so you’re
saying that we --- if we close
the border to tier two would ---
would that get you to where you
need to be?

MR. COCHRAN:
No. No. The energy rates are half of where they need to be for us to just break even. So we have to generate. What you’re saying is, yes, it’s helpful. It gets us a little bit closer. But it’s not foreseeable. I mean, the soundbite you’re looking for to these people in Harrisburg, people in D.C. that need to hear it, you know, our steal is already in the ground. We’re the cheapest, most cost effective resource in Pennsylvania to handle the pollution problem of coal refuse.

I mean, that’s the sound bite they need to hear. We are the cheapest. We need that extra step towards, in my opinion, the power industries, the utilities of PP&L, First Energy, Med A, you know, buy the
power at a reasonable rate, ---.

MR. BLAND:
Thank you.
The other environmental
benefit is you’d be cleaning up
the --- the water in the sense
that water is falling on the
waste coal piles and the runoff
is acid mine drainage. But from
understanding, in your plan and
you also use water from the mine
pools?

MR. COCHRAN:
Sure.

MR. BLAND:
Yeah. And how many --- I
mean, so --- so the
environmental benefit of taking
that --- that acid mine water
out of the mine pools and ---
and utilizing it before going
into our --- our streams or
anything else is --- is a
tremendous benefit.

But you don’t --- you
don’t see any economic benefit. There’s no --- there’s no credits or there’s no environmental benefit or cleanup awarded in doing that. But right now that water is sitting there.

MR. COCHRAN:
Absolutely a lot of these systems, you know, they’re effective, but the --- the end game is considering the waste coal piles that are contributing to the acid mine drainage. Right?
So, but, again, we can’t be --- we don’t consume water, we’re not running. We don’t run if people --- if the power prices aren’t sufficient.

CHAIR:
So we’re going to allow Mr. Knowles to --- our host, to wrap things up. And thanks again to everyone here.
MR. KNOWLES:

Thank you very much, Mr. Chairman. Thank you very much, Mr. Chairman, and to all of the my colleagues as well as the as well as who testified today. I --- I see, you know, public hearing on the status of the Pennsylvania waste coal regeneration industry I --- I think that we all are citizens of the environment.

There are certain people out there who look at people like you and I and they --- they believe that we don’t care about the environment, they believe that --- that we are too hard on the environment. But I’ve heard it brought up here a number of times, and that’s when we talk about fossil fuels.

And as I watched the presidential debate, the Democrat --- I just --- Doyle’s
right. I just scratched my head. I mean, everybody wants to be so politically correct. And we hear about — you know, we hear about wind, we hear about solar. Warm and fuzzy stuff.

But nobody wants to talk about fossil fuels. But I don't know that the average person really sits down and thinks about the amount of energy that is generated by fossil fuels. And, you know, we don't want to destroy the --- the environment. None of us want to destroy --- we all want good drinking water. We all want to breathe clean air.

And I believe that the coal industry particularly has stepped up to the plate and --- and that they're doing their job as well as the natural gas industry. And make no mistake
about it. Along with the economic --- the economic opportunities that we have.

I’ve had coal heat for a number of years in our house. There ain’t nothing like coal heat. We’ve had constant heat. It’s --- it’s just the best. It’s just the best.

So Mr. Chairman, I --- I know that we’ve gotten off topic a couple of times. I know Representative Goodman and some of the representatives have mentioned it, but we need to have --- we need to get the message out there. That we as a country will not survive without fossil fuels, without the natural gas fuels.

But thank you all. I think I’m preaching to the choir here, but I think it’s important that people sit back and realize that if they’re foolish enough
to think that we can depend on wind and we can depend on solar, it’s just not going to happen. So thank you all for coming out, and again, thank you very much, Mr. Chairman.

CHAIR:

Thank you.

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MEETING CONCLUDED AT 12:41 P.M.

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CERTIFICATE

I hereby certify, as the stenographic reporter, that the foregoing proceedings were taken stenographically by me, and thereafter reduced to typewriting by me or under my direction; and that this transcript is a true and accurate record to the best of my ability.

Dated the 14th day of April, 2020

Kayla Marie Keating,
Court Reporter