



May 16, 2025

The Honorable Greg Vitali, Chairman  
House Environmental and  
Natural Resource Protection Committee  
30 East Wing  
P.O. Box 202166  
Harrisburg, PA 17120-2166

The Honorable Jack Rader, Republican Chairman  
House Environmental and  
Natural Resource Protection Committee  
423 Irvis Office Building  
P.O. Box 202176  
Harrisburg, PA 17120-2176

Dear Chairman Vitali and Chairman Rader:

The Marcellus Shale Coalition (MSC) is a regional trade association representing over 150 companies engaged in the safe and responsible development of Pennsylvania's unconventional natural gas resources. Our members represent the largest operators engaged in the production, processing and transport of natural gas, as well as the professional service firms, contractors, supply chain companies and skilled building trades who partner with the industry.

On behalf of the MSC, I write to express our concerns with House Bill 501, which is scheduled for a public hearing on May 19<sup>th</sup> and a possible vote by the House Environmental and Natural Resource Protection Committee in the near future.

Before outlining specific concerns with HB 501, it is important to emphasize that despite purporting to strengthen electric reliability within the Commonwealth, this legislation is poised to do the exact opposite. The legislation micromanages the Commonwealth's electric generation portfolio and imposes significant new mandates upon electric distribution companies and competitive energy suppliers, rather than enabling the marketplace to work as intended. Doing so counters the advice of many of the experts who have weighed in regarding the growing concerns of our electric grid to meet growing demand during a period of historic generation retirements.

Many of these new mandates relate to intermittent, unreliable and even untested energy generation sources. While energy resources like wind and solar have a place within a diverse mix of fuel sources, imposing mandates to purchase and distribute these resources – when there is no guarantee that they can generate sufficient electricity both at scale and on demand – puts the Commonwealth's consumers and economy at significant peril.

Beyond this overarching concern, there are several other significant policy issues which the Committee should take note of regarding HB 501:

- HB 501 creates a state subsidy program for nuclear generation. Due to drafting concerns with the bill, it is not clear whether the state subsidy program is in addition to or in place of the recently implemented federal subsidy for nuclear generation which already will cost Pennsylvania taxpayers approximately \$229.96 Million annually. The language is unclear whether taxpayers will be required to foot the bill for another layer of subsidies for nuclear energy.

- HB 501 permits out-of-state nuclear generation to be subsidized by Pennsylvania ratepayers.
- While percentages fluctuate based upon demand and facility retirements or availability, in 2024 Pennsylvania's electric generation portfolio was roughly 60% natural gas, 32% nuclear, and 5% coal, with the balance of 5% coming from intermittent sources like hydropower, solar and wind.

Under HB 501, when fully phased in, 50% of Pennsylvania's generation portfolio must come from Tier 1 intermittent resources and Tier II and Tier III resources, all of which exclude natural gas and coal. Given the strong likelihood that nuclear generation will continue to maintain its portfolio share of 32% thanks to the new taxpayer subsidies, this means that combined, Tier 1 intermittent resources, Tier II, Tier III, and nuclear generation will account for approximately 82% of Pennsylvania's generation that is distributed. Said another way, gas and coal generation, currently 64% of the market, are left to compete for only 18% of the market.

- The corresponding demand reduction for Pennsylvania natural gas generation translates to a 69% decrease in natural gas electric generation compared to current 2024 market share, and an 8.6% decrease in demand for Pennsylvania-produced natural gas. This translates into tens, if not hundreds, of millions of dollars of lost capital investment to the Commonwealth and lost revenue to Pennsylvania royalty owners, including state agencies like DCNR and the Game Commission.
- The legislation's use of "*lifecycle greenhouse gas emissions*" is misleading. By incorporating the definition utilized in the federal hydrogen tax credit law, the term limits such emissions to only those associated with the through-put at the electricity generation source. This is the antithesis of what is meant by the term "lifecycle" and disguises the true lifecycle emission footprint of intermittent energy resources like wind and solar.

For those concerned with reducing carbon emissions from the electric power sector, they ought to be celebrating Pennsylvania's historic 46% CO<sub>2</sub> emissions reduction since 2005<sup>1</sup> and recognizing that these reductions were driven by increased natural gas use. Instead, this legislation relegates Pennsylvania natural gas to the literal back burner while blindly hoping that intermittent, unreliable and untested fuel sources will somehow magically become reliable and capable of ensuring baseload power.

At a time when PJM and other experts have sounded the alarm over grid resiliency and reliability in contrast to the projected increase in electric demand, HB 501 exacerbates these concerns. It displaces clean, reliable and affordable energy and in doing so puts our residents and economy in grave danger.

Please oppose HB 501 as written.

Sincerely,

  
Patrick Henderson

Vice President

Government Affairs and Communications

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<sup>1</sup> By comparison, PA DEP's own modeling showed that entry into the Regional Greenhouse Gas Initiative would have a net CO<sub>2</sub> emissions reduction of 0.169% through 2030.