Testimony of

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on behalf of the
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Submitted to:
House Republican Policy Committee

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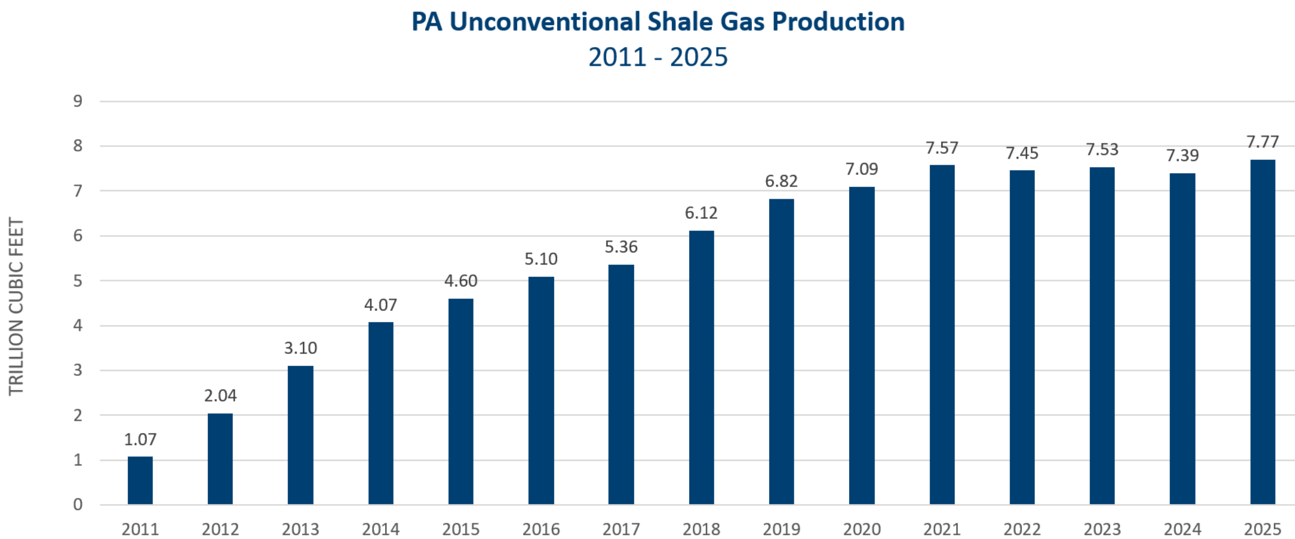
Chairman Rowe and members of the House Republican Policy Committee, my name is Patrick Henderson and I serve as the Vice President for Government Affairs and Communications for the Marcellus Shale Coalition (MSC). I appreciate the opportunity to appear before you today to discuss the important and timely issues of Pennsylvania energy production and consumer affordability.

The MSC is a state-wide trade association representing over 160 energy companies from the upstream, midstream, and downstream unconventional natural gas sectors, and those who supply goods and professional services to the industry. Our members are fully committed to working with local, county, state and federal government officials to facilitate the safe development of natural gas resources in the Marcellus, Utica and related geologic formations.

Introduction

Pennsylvania is blessed with a rich and abundant history of energy resources and production. From coal, nuclear, natural gas and alternative sources like hydropower, solar and wind, Pennsylvania has been a leader in domestic energy production and power generation. I would like to focus my time on the role that Pennsylvania produced natural gas currently serves in meeting the energy needs of our fellow citizens.

Over the past fifteen years, Pennsylvania has risen from the 15th largest producer of natural gas to the nation's second largest producer. In 2025, Pennsylvania produced 7.7 trillion cubic feet of natural gas. This represented a 5% increase in production over 2024, and notably, the first time we saw meaningful natural gas production increase since 2021[1]:

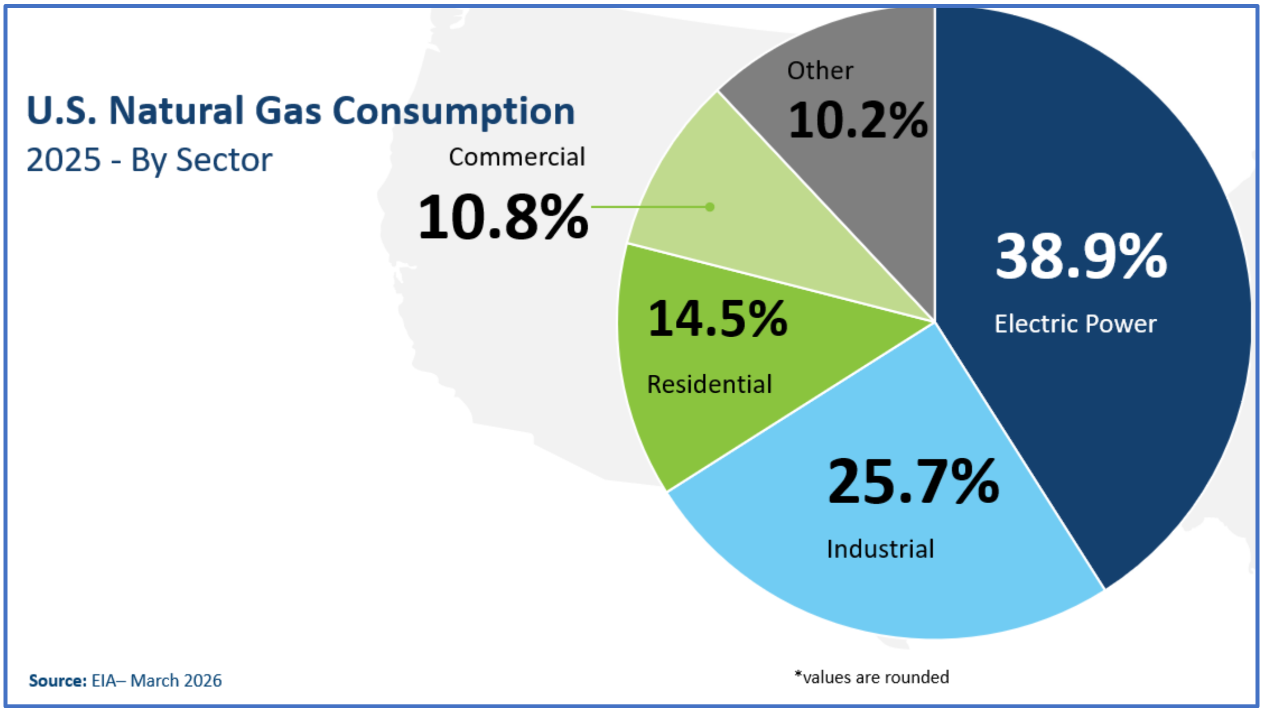


To put this into perspective, Pennsylvania produces roughly 20% of the nation's natural gas, and 7.7 trillion cubic feet is enough to meet the needs of over 115 million households (86% of the nation's households).

In Pennsylvania, roughly 50% of homes are heated with natural gas and another 5% with propane (produced in western Pennsylvania's rich – or wet – natural gas play). When factoring in the amount of natural gas used for electricity generation, over 8.8 million Pennsylvanians depend on natural gas to power their homes.

Broadly speaking, as depicted below[2], U.S. natural gas consumption met diverse needs such as electricity production, residential heating and cooking, commercial heating, and industrial uses (such as feedstock for plastics, chemicals and fertilizers, to name a few):

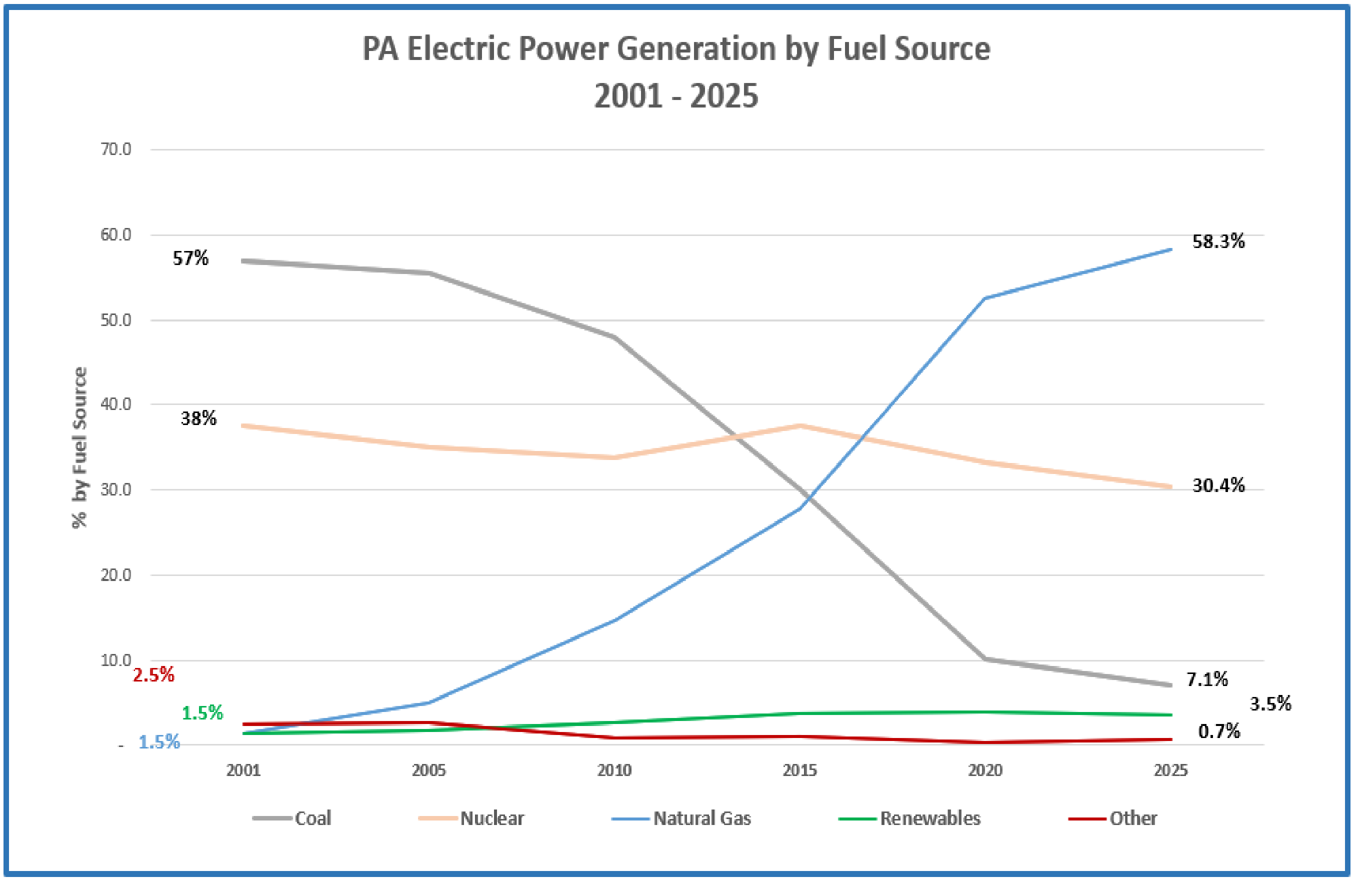
[1] Source: PA Department of Environmental Protection
[2] Source: U.S. Energy Information Administration



Natural Gas for Electric Generation
Some context as to the scale of current natural gas usage – and the opportunity for growth – may be helpful.

Natural gas currently fuels nearly 60% of the electricity generated in Pennsylvania, with nuclear accounting for about 31%, coal 7% and the balance intermittent sources. The chart[3] below shows the transformation of Pennsylvania's electric generation portfolio over the past several decades, impacted largely by the retirement of legacy coal power plants and the availability of low-cost, reliable and clean natural gas:

[3] Source: U.S. Energy Information Administration



As has been well documented, and as this committee knows well, Pennsylvania has struggled mightily to site and build new electric power generation in state in recent years. The primary obstacle to this was clearly the looming threat of taxes on consumers under the guise of the Regional Greenhouse Gas Initiative, or RGGI.

This committee and your caucus colleagues should be congratulated for your tireless work that led to the repeal of the RGGI regulation as part of last year's budget agreement. While this immediate threat has been addressed – after years of legislative activity, litigation, advocacy from industry and our allies in the building trades – other threats remain. The Governor's PACER plan, for example, is a nearly identical replica of RGGI and would eviscerate any momentum for building in-state power generation. Fortunately, it has not advanced out of the state House of Representatives.

Beyond RGGI, we also owe you and your colleagues thanks for meaningful action on permitting reform. The SPEED program, which utilizes qualified third-party professionals to review certain earth disturbance and waterway crossing permits, as well as the deemed-approved language for state air quality general permits, are the first significant steps in several years at providing a predictable time frame for permit reform. And credit is also due to DEP Secretary Shirley, who has rightly focused the Department's attention on improving the permitting process.

Energy Affordability

Rising utility bills are forefront on the minds of consumers and policymakers alike, and understandably so. To better understand these challenges, it is important to break this issue down a bit to understand exactly what is going on – so we understand best what steps can help to alleviate these concerns.

Natural Gas Utility Customers

While recognizing that each of your offices have been inundated by constituents concerning rising utility bills, I am confident in concluding that the overwhelming number of constituent concerns are not about rising gas utility bills.

As shared earlier, over 50% of Pennsylvania residents rely on natural gas to heat their home and use natural gas for other domestic purposes like cooking and hot water. Thanks to the abundance of low-cost Marcellus and Utica shale gas, the purchased gas cost to consumers for the six largest natural gas utilities in PA has declined by 50% - 74% since 2008. 2008 is a fair barometer of comparison as it is often regarded as the advent of the modern Marcellus production era, when 75% of natural gas used in the state was imported from out-of-state.

The following graphic[4] examines the savings realized by natural gas consumers in 2025 compared to 2008, organized by utility and customer class:

[4] Source: PA PUC Purchased Gas Cost Rates by Utility

Utility	Residential	Commercial	Industrial
Columbia	**$616**	**$2,661**	**$33,541**
NFG	**$529**	**$1,523**	**$9,275**
PGW	**$459**	**$2,523**	**$7,530**
Peoples Gas	**$920**	**$3,044**	**$37,170**
UGI	**$479**	**$2,095**	**$8,299**
PECO	**$443**	**$3,032**	**$20,375**

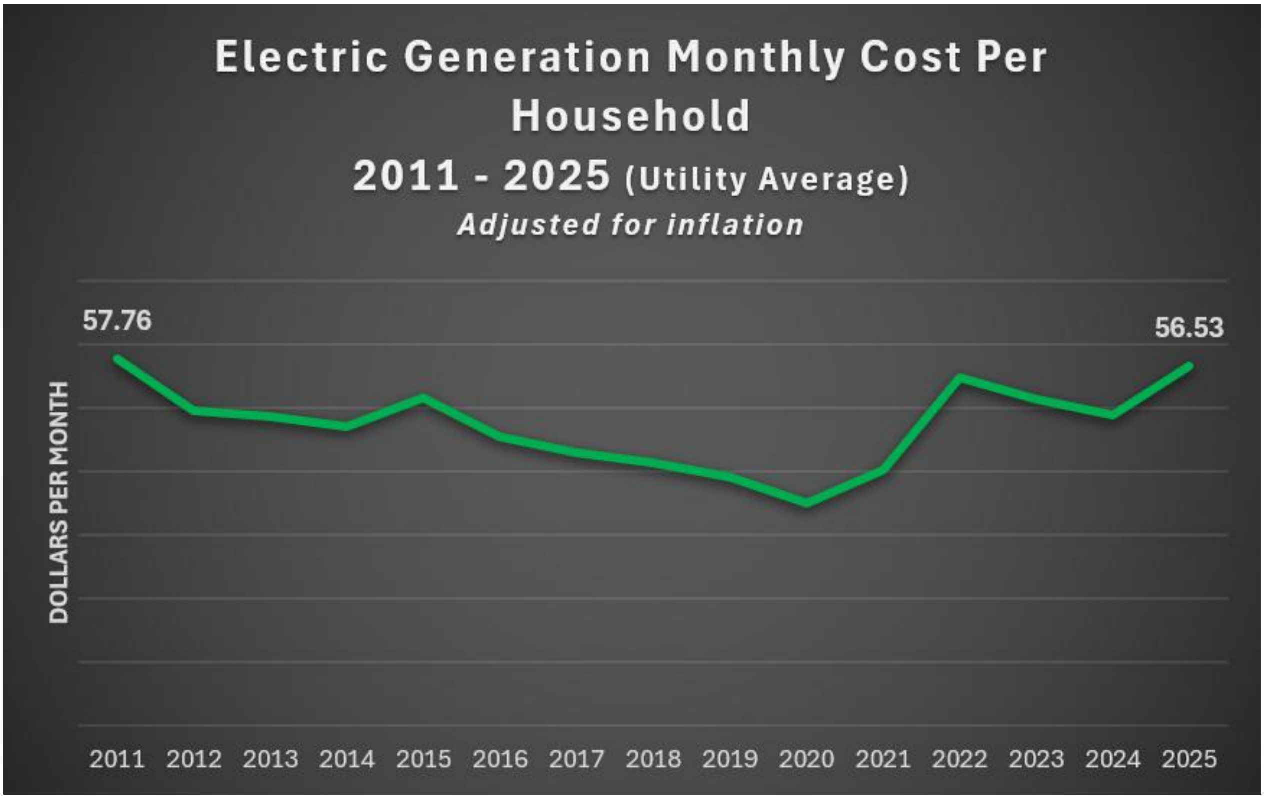
Adjusting for inflation, all told Pennsylvania consumers saved **$8.83 Billion in 2025** compared to 2008 natural gas prices.

At a time when consumers struggle to meet many basic household costs, the savings tied to Marcellus and Utica shale development is an unheralded success story.

<u>Electric Utility Customers</u>

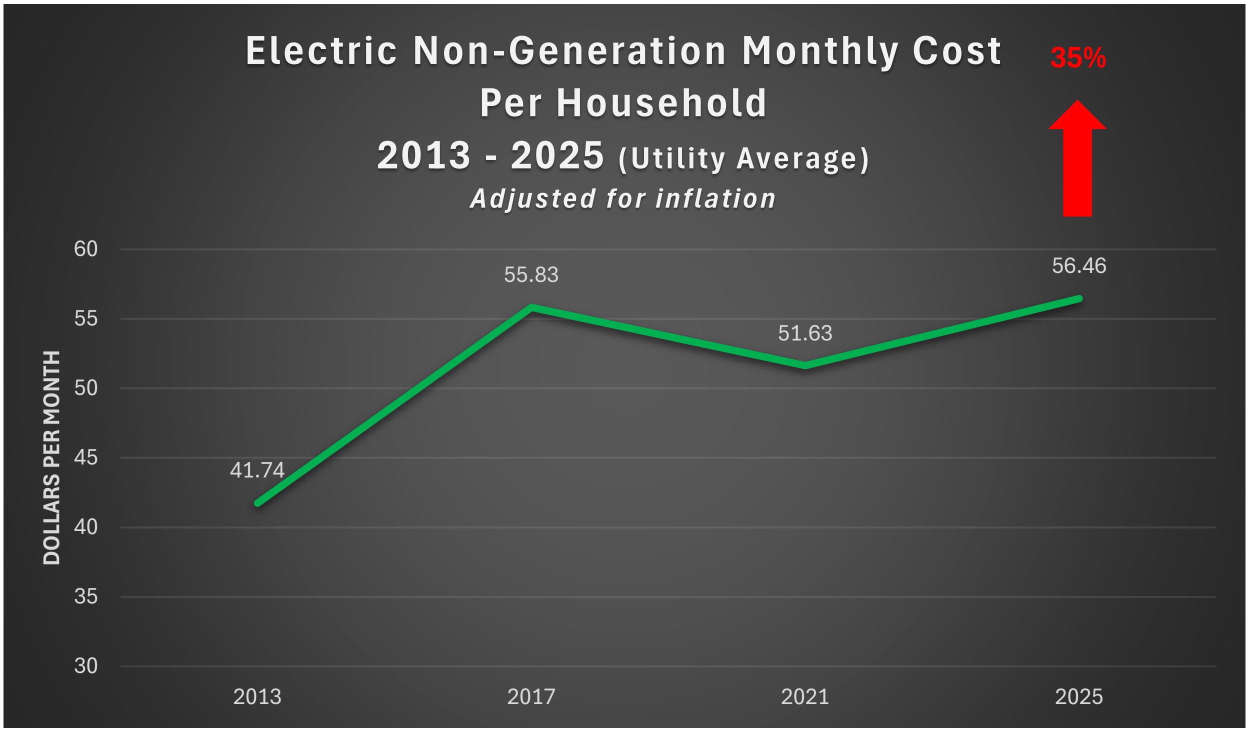
Electricity markets are admittedly more complex than natural gas utility markets. As we know, electricity can be generated from a variety of fuel sources, each with their own distinct market realities. Furthermore, electricity is generated and sold in a multi-state regional transmission organization (PJM) that obscures a direct line between low-cost natural gas and low-cost electricity.

Even with these complexities, natural gas has served a vital role in mitigating utility costs to consumers. Consider, for example, that between 2011 and 2025 the portion of a consumer's electricity bill[5] as adjusted for inflation remained largely unchanged:

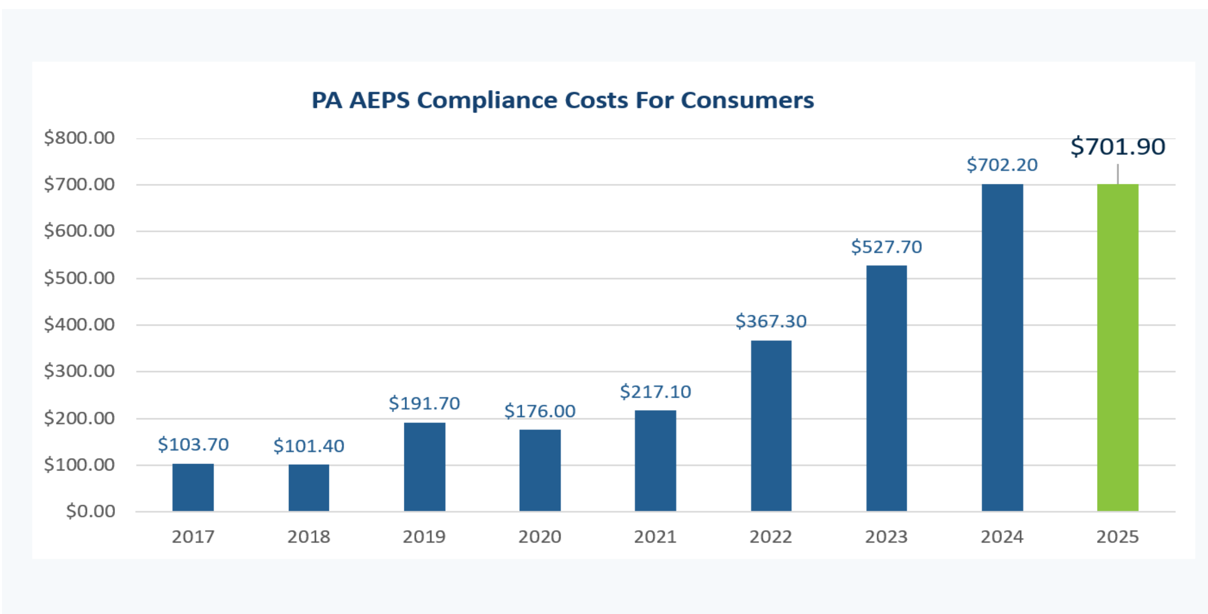


By comparison, the charges within a consumer's bill not tied directly to electric generation increased 35% in 2025 compared to 2013:

[5] Source: PA PUC Rate Comparison Reports



To be clear, there are many different factors that contribute to rising costs, including the rising costs of the state's Alternative Energy Portfolio Standards Act. These costs have skyrocketed[6] in recent years, costing Pennsylvania consumers over $1.4 billion in just the past two years:



[6] PA PUC AEPS Annual Reports

Where Do We Go from Here?

Pennsylvania has the natural gas to meet both growing domestic and international demand.[7] But there must be an end-use market available to encourage increased production. Some recommendations:

- Build, baby, build. Pennsylvania needs pipelines and infrastructure. It has the resources and the skilled building trades workforce to do so. We need marketplace predictability and advocacy. Governor Shapiro could go a long way by abandoning his plans to impose new taxes on power generation and disavowing proposals in the state House to impose higher severance taxes. Taxes on the means of production is a tax on the consumer – which is Pennsylvania households.

- Maintain support for competitive markets. Pennsylvania's competition act has been a significant lifeline for consumers. It provides them choices to shop for their natural gas or electricity supplier.[8] Consumers should examine the state's websites to learn about shopping opportunities available to them.

  As importantly, Pennsylvania's competition act shifted the cost to build new power generation off the backs of ratepayers and onto the private markets. An investor is always more prudent when spending their own money rather than someone else's.

- Continue permit reform. This job is never done. It requires continued structural changes to the law and regulations, and constant management oversight and accountability of those charged with reviewing permit applications. SPEED and Deemed Approved are significant steps, but they apply to a limited scope of permit types.

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[7] For those concerned that rising LNG exports could raise domestic natural gas prices, the data demonstrates otherwise. The U.S. began international LNG exports in 2016 and is now the world's largest exporter of natural gas (just over 5.5 trillion cubic feet annually). Despite this increase in exports, average natural gas prices in 2026 are largely identical to, or slightly less than, average prices in 2016.

[8] To learn more, visit https://marcelluscoalition.org/resources/fact-sheets/ and choose "Electric Customer Choice" and "Natural Gas Customer Choice".

Conclusion

Thank you again for the opportunity to appear before you today and outline both the challenges we face – but also the abundant tools we have at our disposal to address them. Pennsylvania is more fortunate than many other jurisdictions in that we have the resources under our feet to meet our needs. We must only match this abundance of resources with an abundance of willpower.