



## **Testimony of**

**David Callahan, President  
Marcellus Shale Coalition  
Before the  
Senate Majority Policy Committee**

## **Energy Access and Affordability**

**January 20, 2023**

Good morning, Chairman Laughlin and distinguished members of the committee. My name is David Callahan, and I serve as President of the Marcellus Shale Coalition (MSC). The MSC is a state-wide trade association representing more than 130 energy companies from the upstream, midstream, and downstream 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. I appreciate the opportunity to be with you today and to share some thoughts on how we may collectively work together to expand access to clean, affordable, domestic energy.

Pennsylvania's energy industry has served a unique and critical role throughout our nation's history, powering America's industrial revolution, the successful campaigns to win two world wars, and most recently, navigating through the challenges of a worldwide pandemic.

Each of these historic events – and thousands in between – were spurred in large part thanks to the abundance of natural resources with which Pennsylvania is blessed, and generations of talented, hardworking and patriotic Pennsylvanians that met each challenge.

Center to many of these accomplishments is energy. Energy is, fundamentally, how we power things, build things, move things, and meet the necessities of our modern economy and way of life. And, from the birthplace of the modern oil and natural gas industries, to our bountiful coalfields, to the innovations of George Westinghouse and other nuclear pioneers, and a water-rich state that has helped power renewable resources, the success of our energy industries has always been inextricably linked to the success of our economy and continued advancement of our quality of life.

### **Role of Natural Gas in Pennsylvania's Economy**

Some quick table setting may be in order. Several of you are no doubt already familiar with these statistics, but it bears repeating.

In 2008, at the dawn of the Marcellus era, Pennsylvania produced just 25% of the natural gas which we used. We were the 15<sup>th</sup> largest producer in a nation that, just years earlier, was

legitimately concerned about whether we would have enough natural gas to power businesses or heat homes. Natural gas was an insignificant part of our electric generation portfolio – well under 10% - due to both scarcity of the resource and its high price at the time.

Fast forward to today. Pennsylvania is the second largest natural gas producer in the nation, behind only Texas. We now produce more than 20% of the *nation's* natural gas and serve a key role as both a domestic and international exporter of gas. Last year, nearly 53% of our electricity in Pennsylvania came from natural gas, helping make Pennsylvania the largest electricity exporter in the nation. It bears emphasizing: many of the New England states, as well as New Jersey and New York, are able to tout their climate-emission reductions *not* because they have totally re-imagined their own power generation industry, but because they have literally shut down generation units, and instead relied upon Pennsylvania to keep the lights on and the businesses open.

If we are to not only maintain, but grow, this impressive profile, we must tackle the barriers to energy access and, by extension, affordability.

### **Challenges to Energy Access and Affordability**

One of the most critical challenges we face in the natural gas industry is the inability to acquire operating permits in a predictable time frame. Whether they are permits required to produce, process or transport the gas through pipeline development, Pennsylvania's process to review and approve the required permits is entirely unpredictable and unnecessarily time consuming. While the PA Department of Environmental Protection (PA DEP) has, on its face, a Permit Decision Guarantee policy, in reality the policy is not adhered to. Too often, rather than either approving or denying a permit, the Department simply takes no action while it constantly re-engineers project designs, requests additional or supplemental information from applicants far beyond what the permit instructions compel or imposes permit criteria on applicants that are not found in either statute or regulation.

There is significant inconsistency across the Commonwealth as to how these rules are applied as well. In some regions, particularly north central Pennsylvania, operators are generally able to acquire permits in a predictable timeframe (albeit longer than what the Permit Decision Guarantee dictates they ought to be). However, in some cases, particularly here in southwestern Pennsylvania, it can take 200, 300 or even more days to obtain a simple, straightforward earth disturbance permit to build a well pad, compressor station, or pipeline.

We have greatly appreciated the support of you and your colleagues to advance legislative solutions to reform permitting and provide greater predictability, through proposals such as "deemed approved" legislation that would hold the Department accountable to a set timeline and third-party permit review, which is utilized successfully in other agencies and across the nation. While no legislative solution will ever be able to fully address the bureaucratic maladies that frustrate energy development in Pennsylvania, knowing that we have strong, vocal and effective advocates in the General Assembly, and in this caucus, has been reassuring to many who wish to continue to invest in our state and employ our residents.



## **Next, They Came for our Stoves**

The past few weeks have included significant public discourse about the safety and potential health-effects of cooking with natural gas stoves, instigated by a comment from a commissioner of the Consumer Product Safety Commission that the agency may examine whether to prohibit future sales of stoves.

While this comment was largely met with backlash in many quarters, and both the Commission and Biden White House walked back from suggesting this was a path they were pursuing, it stands as a stark reminder that extreme efforts to dictate customer choice and to discredit – without a shred of direct scientific verification – the choices many of us make with respect to energy usage are omnipresent.

And to those who suggest this recent effort by anti-fossil fuel advocates is an exception and not the norm, New York and other jurisdictions indeed have moved to prohibit new natural gas appliances and residential natural gas hookups. Once credible academic institutions now rail, constantly and unabashedly, against fossil fuels and their usage. Some financial institutions have sought to cut off lines of credit and refuse to finance critical infrastructure and energy production projects. The U.S. Securities and Exchange Commission seeks to discourage investments in domestic energy projects through a complicated and misleading rulemaking on climate risk disclosures, while the Federal Energy Regulatory Commission hampers domestic infrastructure project approvals by questioning their life cycle climate implications – blindly failing to see, or more cynically, perhaps purposefully ignoring, that it is domestic energy production, done under the strictest of environmental standards and industry innovations – which have allowed the United States to achieve the largest climate emission reductions of any developed nation in the world.

I would be remiss if I did not take this time to thank Senator Gene Yaw, chair of the Senate Environmental Resources and Energy Committee, for his strong leadership and advocacy for energy choice legislation. Senate Bill 275 of last session would have provided essential protections to homeowners and businesses to choose which energy source they desired to heat, cool and otherwise power their home or business. Such choices should not be dictated by a small number of ill-informed officials seeking to pick winners and losers without giving due consideration to energy cost and reliability. History shows that the private marketplace and consumer choice should drive these decisions.

Make no mistake, each of these efforts are incursions from zealous anti-energy activists, who seek to place hurdle after hurdle before the energy industry and harm not just consumers, but the hundreds of thousands of Pennsylvanians who work in or whose livelihood is directly affected by the success of our energy industry. Policymakers and energy stakeholders must resoundingly respond with facts, with science, with the education of our young people, and with a constant reminder of how these resources drive and improve upon our quality of life each and every day.



## **Conclusion**

I thank you for the opportunity to provide testimony at today's hearing. More importantly, I thank you for standing steadfast with the men and women – many within our building trades – who go to work each day to help keep our Commonwealth running. Public policies matter, and your work to improve upon our business and economic climate, while making meaningful environmental progress, does not go unnoticed.

