

WASHINGTON COUNTY
CHAMBER OF COMMERCE 

Testimony
of
Jeff M. Kotula, President
Washington County Chamber of Commerce
to
Senate of Pennsylvania Policy Committee
January 20, 2023

Good morning Chairman Laughlin and members of the committee, I am Jeff Kotula, President of the Washington County Chamber of Commerce-the largest chamber in the Greater Pittsburgh Region-and I would like to start by thanking you for the opportunity to join the Senate Policy Committee to explore energy policy in the Commonwealth of Pennsylvania.

I can think of no better place to start looking at Pennsylvania's unique role as an energy producing state than in my own backyard of Washington County. As a lifelong resident of the county, the revolution in energy production from the Marcellus Shale that has taken place over the past fifteen years is nothing short of astonishing.

Prior to the discovery of this resource, Pennsylvania was an energy importing state. Every year we produced only about one-quarter of our annual natural gas needs and imported the remaining 75 percent. However, thanks to the Marcellus and Utica shale formations, Pennsylvania is now the second leading natural gas producing state in the U.S. - responsible for more than 20 percent of all the natural gas produced domestically – and a net energy exporter. That is a stunning transformation. Washington County is and has been a leading county across the state in both wells drilled and production – a title we are proud to acknowledge.

However, what is even more stunning is that despite these successes, we could be producing and exporting even more natural gas with additional pipeline capacity, particularly interstate pipelines to move the gas to other markets domestically or by providing additional deliveries to the Marcus Hook Natural Gas Liquids terminal near Philadelphia to process the gas and other liquids and export it around the globe. Although this issue is multifaceted, with both state and federal regulatory agencies overseeing different pipeline projects, it is incumbent on policy makers to ensure that these regulators are following the regulations and working collaboratively with energy production and transportation companies and not obstructing the process.

The natural gas produced in Pennsylvania is some of the most environmentally responsible gas in the world, produced under strict environmental regulations and industry best practices – like prioritizing methane leak detection and repair, deploying electric drilling and fracking rigs at well sites, and monitoring emissions at drilling production and midstream gathering, processing, and transportation facilities. The

Kotula 2

results of these efforts have been clear, as noted by a 2022 report by the Clean Air Task Force and Ceres, that while natural gas development has continued to grow across Appalachia, greenhouse gas emission intensity decreased. The industry itself has been a leader in reducing emissions, because while the environmental benefits are important, every molecule of methane that escapes into the atmosphere is one more that cannot be sold to market.

While I am obviously excited by the benefits that natural gas has provided in my own county, it has truly been transformational across the entire region. Hosted by our neighbors in Beaver County, we recently saw the Shell Polymers Complex commence operations, which absolutely would not have been possible without the availability of the clean, reliable, and relatively inexpensive natural gas feedstock that is available here. We have barely scratched the surface of industries that can be supported by the Shell Cracker plant and other similar facilities that have been proposed in the tri-state region.

In addition to the success seen by the natural gas industry, we have also witnessed a strong resurgence in coal production. Both the overall tonnage mined and the market price of coal have seen substantial increases over the past 12 months, with strong demand from both domestic and global markets. Consol Energy, a leading coal mining company that was also born and raised in Washington County, witnessed production and revenue increase in 2022 bolstered by stronger demand for the coal used in both electricity production and steel manufacturing processes.

Although we have had a long track record of success with natural gas and coal production in Washington County, we do not want to be accused of having our heads stuck in the sand or the gas wells. Our chamber economic development staff has seen a distinct uptick in inquiries related to identifying land for the development of solar installations and we expect to see them under construction once the IRS issues guidance on the new federal tax incentives. In addition, a short drive east on the Pennsylvania Turnpike illustrates the possibilities for wind power generation in our state.

There has also been a lot of work being done lately around creating a “hydrogen hub” in Western Pennsylvania through the Department of Energy Regional Clean Hydrogen Hubs Program, with funding allocated through the Infrastructure Investment and Jobs Act. This program includes up to \$7 billion in incentives to develop several clean hydrogen hubs across America and a public-private coalition has emerged in Western Pennsylvania to collaborate on large scale deployment of clean hydrogen and carbon capture and sequestration projects.

In my view, ultimately the market will determine how large of a role these intermittent, renewable, and/or reduced carbon energy sources play in our energy portfolio. Although these energy resources are highly incentivized to encourage their development and deployment, it is important that we have the conversations on how to best use these technologies as part of an overall energy strategy for the state.

Kotula 3

We cannot underwrite these technologies forever, but I can support the point in providing some incentivization to determine their viability.

What is certain to me is that Pennsylvania has played an important role in energy production and manufacturing in the United States since the discovery of oil by Col. Edwin Drake more than 150 years ago. Our energy resources have helped to power the industrial revolution, manufacture the steel that built our nation, and powered advanced manufacturing and plastics production into the 21st century. To continue to position Pennsylvania as a center for manufacturing and innovation, policy makers such as this committee need to ensure that our job creators have access to clean, abundant, and affordable energy resources. We like to say in Washington County that “the power to prosper is right under our feet” and it can be unleashed by offering a welcoming climate for businesses, providing business-friendly regulatory and tax frameworks that will encourage job creators and innovators to locate in our state as well as utilize the strategic advantage that our energy resources provide.
