



American Petroleum Institute
Pennsylvania

TESTIMONY

American Petroleum Institute Pennsylvania

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PA Senate Republican Policy Committee

Public hearing on Regulatory Reform and Cutting the Red Tape in Pennsylvania

October 25, 2023, 9:00 a.m., Harrisburg, PA.

Chairman Laughlin and Members of the Senate Majority Policy Committee. Thank you for inviting me here this morning to talk about the importance of regulatory reform to our natural gas and oil industries.

My name is Stephanie Catarino Wissman. I am the Executive Director of API PA, a state affiliate office of the American Petroleum Institute (API).

API represents all segments of America's natural gas and oil industry, which supports nearly 11 million U.S. jobs and is backed by a growing grassroots movement of millions of Americans. Our approximately 600 members produce, process, and distribute the majority of the nation's energy, and participate in [API Energy Excellence](#)[®], which is accelerating environmental and safety progress by fostering new technologies and transparent reporting. API was formed in 1919 as a standards-setting organization and has developed more than 800 standards to enhance operational and environmental safety, efficiency, and sustainability.

API standards are incorporated into federal regulations and state rules across the nation, including here in Pennsylvania. API encourages and participates in the development of state regulations and other regulatory documents that are protective of public health and safety, the environment, and the industry workforce. In this context, API PA offers the following comments on regulatory reform in Pennsylvania, and we look forward to working with the committee to see meaningful improvements to our regulatory system that allows for new energy development, supports energy infrastructure build-out, and creates a climate for innovation and a level playing field.

Pennsylvania is the second-largest producer of natural gas in the nation. The U.S. Energy Information Administration – or EIA - estimates proven [reserves](#) in the Marcellus shale basin of 144.7 trillion cubic feet (Tcf), and roughly 31.8 Tcf in the Utica Shale. EIA estimates that there are an additional 671 Tcf of technically recoverable natural gas resources in these two basins that have yet to be discovered. This extraordinary amount of natural gas is equal to more than 170 years' worth of the natural gas consumed for home and water heating in the entire United States.

However, sufficient infrastructure to move additional gas to markets does not exist at this time. This [bottleneck](#) places downward pressure on Appalachia Region spot prices, leaving producers here at a competitive disadvantage and markets, both domestic and abroad, with limited access to this resource. Regulatory reform at both the federal level and state level could help alleviate this problem and allow for new energy infrastructure development.

For decades, our regulatory and permitting processes have hindered investment in critical infrastructure, delaying numerous projects and canceling some projects outright. At the federal level, a 2017 [analysis](#) showed that:

- At any one time over \$150 billion in [energy investment](#) can be waiting in the National Environmental Policy Act (NEPA) pipeline.
- And a 2-year NEPA review time limit could spur up to \$67 billion in energy investment.

Today, energy projects wait an [average of 4.5 years](#) for Washington's federal review of their environmental impact statement alone. And a [recent study](#) found that at least 10 major energy infrastructure projects, representing more than \$34 billion in private spending, were delayed or canceled due to endless and uncertain permitting processes.

In Pennsylvania and the Appalachia region, these pipeline projects could deliver 4.6 billion cubic feet per day of natural gas for homes and businesses, support thousands of family-sustaining jobs and contribute [\\$19 billion](#) in private spending to local and regional economies.

Instead, their benefits have gone unrealized. And while the Fiscal Responsibility Act included certain reform provisions and was a step in the right direction, much more is needed to fix our outdated regulatory framework. API is continuing to work with policymakers on both sides of the aisle to build on this progress.

Here in Pennsylvania, our own regulatory and permitting programs cause further delays for our industry. Discrepancies in approvals from one regional office to another, cumbersome reporting requirements, and a maze of permits, technical guidance documents, rules and regulations affect our ability to secure permits and move projects forward in a timely manner. Our industry, like others, depends upon a permitting process that is transparent, consistent, predictable, and efficient as we plan and execute capital investments in the commonwealth.

It is important to note that investments in technological enhancements like ePermitting have been helpful. However, when competing with other states for investments, our overall regulatory regime does not make Pennsylvania an attractive place to do business.

According to a [recent analysis](#) conducted by PwC, the natural gas and oil industry contributed over [\\$75 billion](#) toward Pennsylvania's gross domestic product (GDP), or 8.9 percent of the state's total, and fuels every sector of our economy. Beyond this, our industry supports over 93,000 direct natural gas and oil jobs and over 330,000 indirect jobs – from truck drivers to contractors and manufacturers – or 5.6 percent of Pennsylvania's total employment. To put this in perspective, the total number of jobs supported by industry in Pennsylvania alone is equal to four times the capacity of Penn State University's Beaver Stadium.

And Pennsylvania is positioned to see this industry expand. As our allies in Europe and around the world look to cleaner-made U.S. natural gas to lower carbon emissions and avoid supporting unstable regimes in Russia and elsewhere, we could be exporting liquefied natural gas (LNG) from the Port of Philadelphia, bringing significant new investment, as well as construction and permanent jobs, to the region, all while positioning Pennsylvania as a leader in global energy security.

Likewise, our neighbors in New England and across the country could see lower energy costs, lower carbon emissions, and greater energy security if our natural gas were able to move to different markets more efficiently.






















As I mentioned earlier, API is a standards-setting organization. We establish the standards by which the world's natural gas and oil industry is measured, through a comprehensive and rigorous process. Throughout our industry's operations, protecting the safety and health of our workforce and the public is the top priority, while helping to ensure environmental protection. As such, we understand the need for, and importance of, a robust regulatory

framework. In fact, the natural gas and oil industry is among the most stringently regulated industries operating today. However, we believe these rules should be grounded in sound science and engineering principles and should foster ingenuity and innovation.

Accordingly, the task for this committee, our state government, and regulatory agencies is to provide a climate where Pennsylvania can grow our economy while protecting our environment.

Our industry is powering Pennsylvania – providing good jobs and billions in economic impact as well as affordable, reliable energy for families and businesses. We can continue to spur industrial growth and economic development, advance carbon reductions, and improve our environment with a regulatory program that supports these ideals. Action on regulatory reform needs to happen now so that Pennsylvania’s economy can grow while we prepare to meet the energy demands of the future.

Once again, thank you for allowing me to testify on behalf of API and our member companies.

PROJECT	COMMODITY	OPERATOR	STATUS	YEARS ELAPSED PROPOSAL TO CANCELLATION ¹
KEYSTONE XL			CANCELLED	13
PORTLAND TO MONTREAL PIPELINE REVERSAL			CANCELLED	13
DAKOTA ACCESS PIPELINE EXPANSION			PERMIT VACATED	3
BYHALIA (DIAMOND TO CAPLINE)		 	CANCELLED	2
PALMETTO			CANCELLED	2
ATLANTIC COAST			CANCELLED	6
CONSTITUTION			CANCELLED	8
MOUNTAIN VALLEY			UNDER CONSTRUCTION	9
PENNEAST PIPELINE			CANCELLED	6
JORDAN COVE ENERGY PROJECT			CANCELLED	14

KEY  CRUDE OIL  REFINED PRODUCTS  NATURAL GAS

Source: Rystad Energy research and analysis

Notes: ¹For Mountain Valley, years elapsed represents years from proposal to current