Testimony of

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Chairman Argall, Senator Brown, and members of the Senate 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 topic of data center development in Pennsylvania.

The MSC is a state-wide trade association representing nearly 150 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

Your focus on data centers and the opportunities they present to Pennsylvania is well placed. The growth of data centers across the country, in large part driven by the evolution of artificial intelligence (AI), the need to house more information that we rely upon in our daily lives, and a shift by manufacturers to domestic suppliers, presents significant economic investment and job creation opportunities.

Most recently, we saw over $90 Billion in current or proposed projects announced at the energy summit hosted by U.S. Senator Dave McCormick. President Trump

recently released a Data Center and AI Action Plan[1], directing federal agencies to reduce regulatory burdens, boost workforce development and spur construction via streamlined permitting process. And many members of the General Assembly have stepped forward to help ensure that Pennsylvania seizes and maximizes the opportunities before us.

Pennsylvania's Natural Gas Supply

As we know, data centers are energy intensive, with AI driven data centers using 50-100x more energy than traditional IT infrastructure. AI and data centers currently account for about 4.4% of total U.S. electricity usage[2], with electricity usage expected to increase 100% - 200% by 2028.

To put this into perspective, in one year a 100 MW data center will consume the same amount of electricity as 85,480 Pennsylvania homes[3].

These centers need a reliable, scalable amount of electricity to run, and Pennsylvania natural gas is ideally situated to meet this demand.

Over the past fifteen years, Pennsylvania has risen from the 15th largest producer of natural gas to the nation's second largest producer. We currently produce about 7.4 trillion cubic feet of natural gas, or roughly 18% of the entire nation's supply. With the right price signals and policies – particularly related to infrastructure build out – Pennsylvania is well positioned to increase production to meet the supply needs of power generation which feed these centers.

Natural Gas for Electric Generation

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

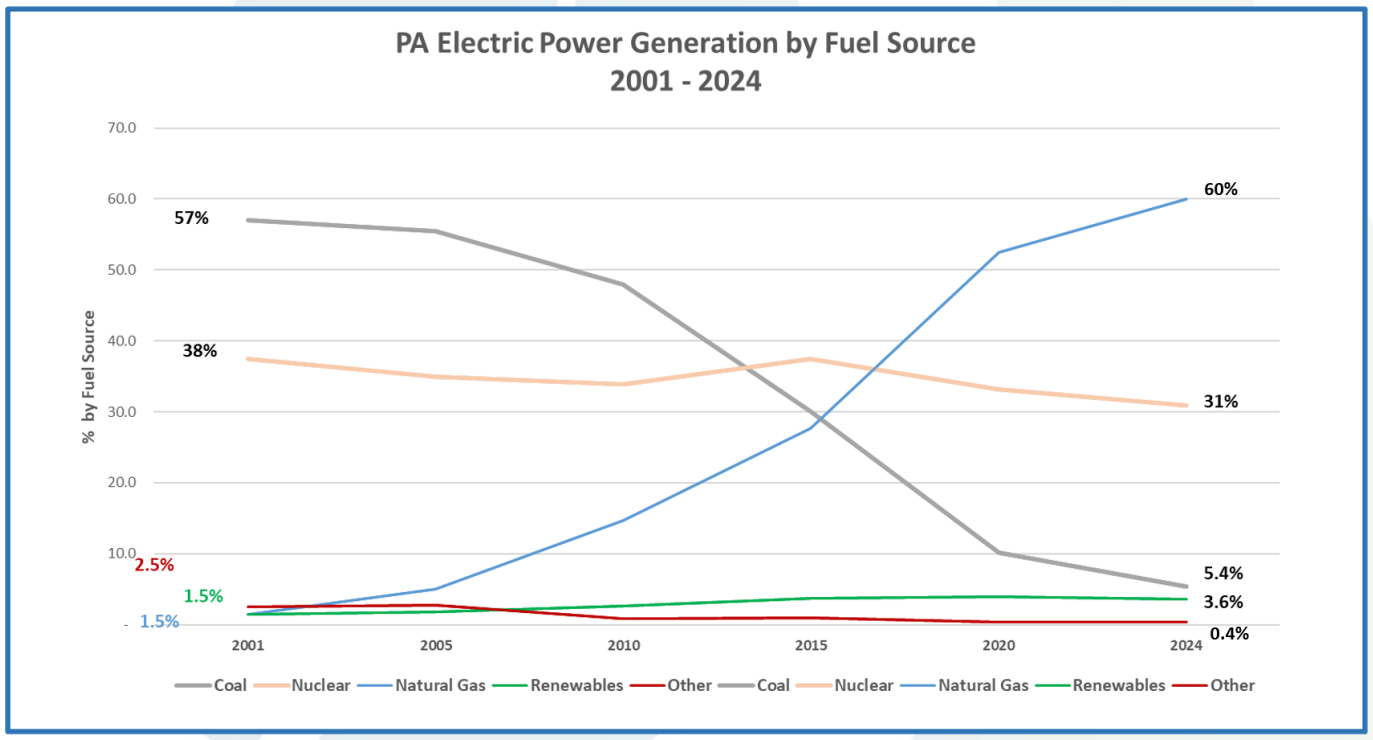
Natural gas currently fuels about 60% of the electricity generated in Pennsylvania, with nuclear accounting for about 31%, coal 5% and the balance intermittent sources. The chart below shows the transformation of Pennsylvania's electric

[1] White House Unveils America's AI Action Plan https://www.whitehouse.gov/articles/2025/07/white-house-unveils-americas-ai-action-plan/ July 23, 2025

[2] U.S. Department of Energy: 2024 Report on U.S. Data Center Energy Usage – https://www.energy.gov/articles/doe-releases-new-report-evaluating-increase-electricity-demand-data-centers December 20, 2024

[3] U.S. Energy Information Administration – Residential Energy Consumption Survey

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:



About 62%[4] of natural gas used by consumers in Pennsylvania is for electric generation – but the amount of natural gas used (1.006 Trillion Cubic Feet) is less than 14% of what Pennsylvania produced last year (7.4 Trillion Cubic Feet). This demonstrates the bandwidth that Pennsylvania has to both increase production and meet an ever-increasing demand for electric generation.

By any measure, this demand will be significant.

For example, the proposed reopening of the Bruce Mansfield legacy coal-fired power plant in Beaver County – which would convert the site to natural gas power generation to support data center development – would require an estimated 4.4% increase in daily PA production just to meet its needs.

[4] U.S. Energy Information Administration – Natural Gas Consumption by End Use

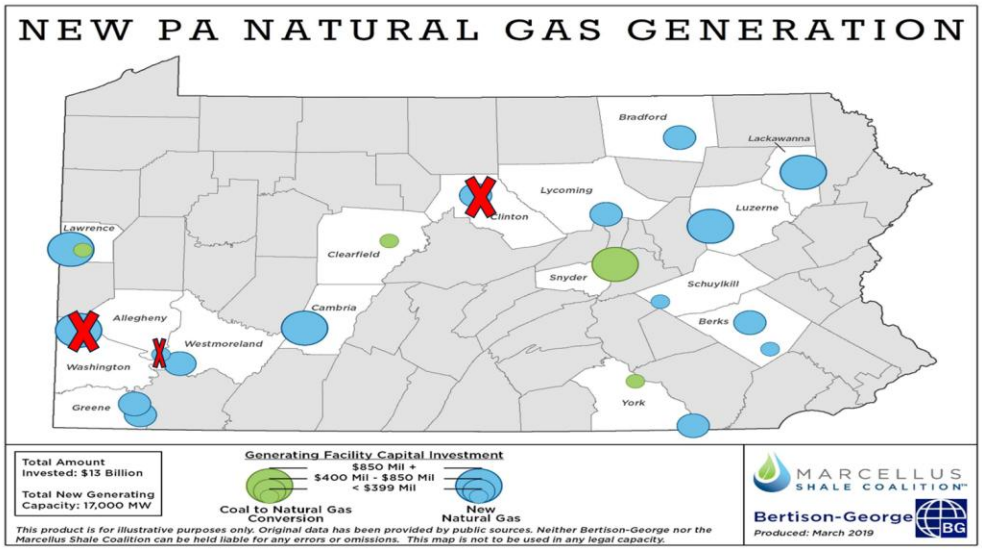
And the proposed re-opening of the Homer City power plant – also a legacy coal-fired power plant that will convert to natural gas generation – will require another 3.3% increase in daily PA production for its own use.

The Markets Work – If We Let Them

It bears underscoring that all of this increased electric demand to meet AI and data center needs is supplemental to the need to replace grid-level baseload power generation that has been retiring at a historic pace in recent years. These retirements come at a time that PJM is forecasting an approximately 43%[5] summer peak growth in demand over the next 15 years.

It is important to note that Pennsylvania's landmark electric competition law, passed in 1996 and phased in over the following 15 years, works. This law separated the various segments of the electric generation and distribution system into separate companies, provided incentives for consumers to competitively shop for their supplier of choice, and shifted the cost and associated risk of building new generation from ratepayers and to the private sector.

At the onset of Marcellus Shale production, when competitive energy prices and affordable and reliable supplies of natural gas led aging power plants to retire, the market reacted favorably and investors built or converted a host of new natural gas power plants all across the state.



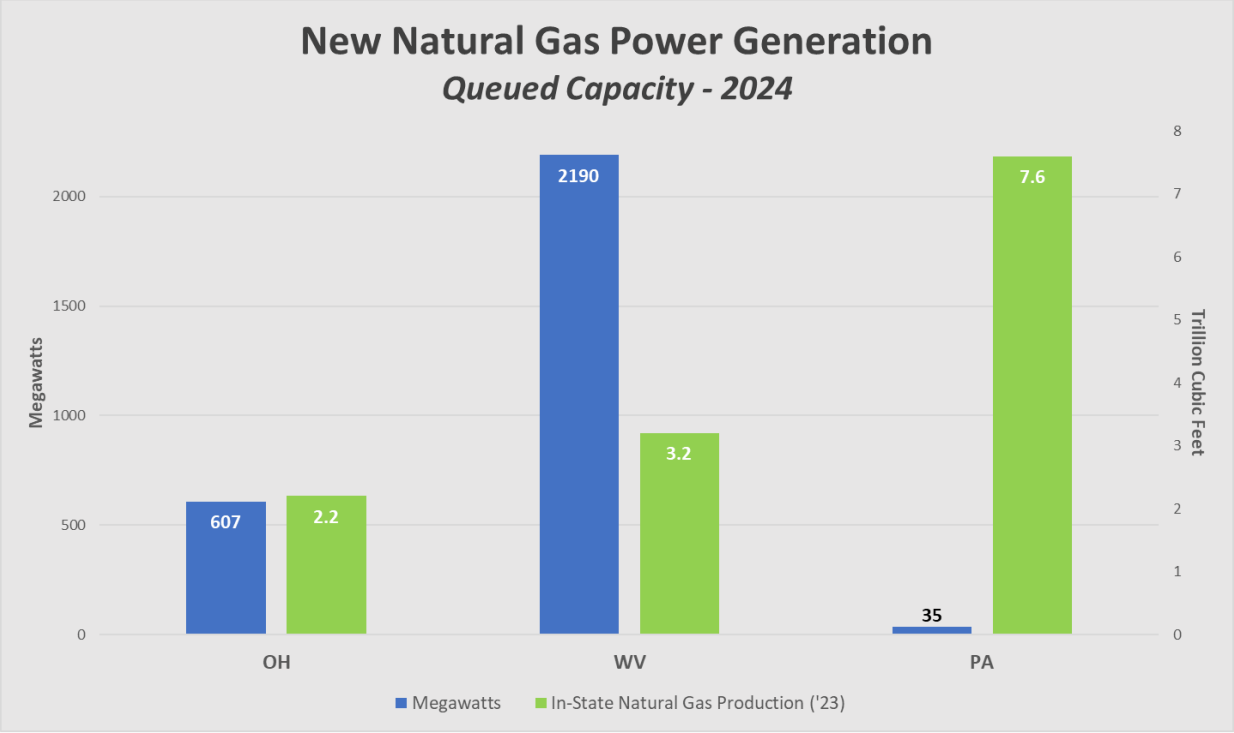
[5] https://insidelines.pjm.com/2025-long-term-load-forecast-report-predicts-significant-increase-in-electricity-demand/

The map above captures the majority of these new builds and conversions which took place from 2012 – 2019, reflecting more than $13 Billion in private capital investment.

Then threats of new carbon taxes and proposals to mandate utilities to purchase even more intermittent sources of electricity took hold. Few new power plant proposals came off the drawing board in Pennsylvania.

And what of the red Xs on the map above? Each represents a power plant that, due to permitting delays, endless litigation or other external forces, were cancelled – costing tens of thousands of construction jobs and much-needed megawatts from being added to our grid.

The result? Jobs and money flowed to neighboring states, where they were not under the threat of carbon and other new taxes.



To be clear – this is also evidence of the markets working; reacting to state policies which discourage investment in the Commonwealth and reward it elsewhere.

While we have seen some recent positive announcements related to power generation and data centers, to fully maximize these opportunities we need to:

- Remove the threat of punitive power generation taxes
- Streamline permitting processes
- Have state agencies stand behind and defend their permit decisions
- Address the endless litigation cycle that seeks to simply run out the clock on project developers.

Pennsylvania's structure of encouraging private capital investment for new power generation works to the benefit of ratepayers and consumers. We encourage you to maintain this structure while working to address the challenges listed above.

The market incentivized investment and construction in the preceding decade – and can do so again.

Conclusion

In conclusion, we want to thank and recognize members of your caucus who have led the charge on this issue.

Senator Brown's proposed AI Task Force draws needed attention to the role of education and workforce development to meet these opportunities.

Senators Yaw and Stefano have effectively utilized their committees to draw attention to the growing concern of electric reliability and outline solutions to spur new power generation.

And Senators Bartolotta, Rothman and others are rightfully focused on the need to streamline permitting processes and show that Pennsylvania is indeed open for business and to businesses.

Thank you again for the opportunity to appear before you today.