



“THE BENEFITS OF INCREASING ENERGY PRODUCTION”

Testimony to the Pennsylvania Senate Majority Policy Committee

Presented by:
Jason E. Kelso, Esq.
General Counsel of Reading Anthracite Company

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Chairman David Argall, members of the Senate Majority Policy Committee, thank you for the opportunity to submit testimony regarding the importance of increasing energy production in the Commonwealth of Pennsylvania and to serve as a panelist at today's hearing.

My name is Jason E. Kelso, and I serve as General Counsel for Reading Anthracite Company ("RAC") together with Schuylkill Energy Resources, Inc. ("SER") and Ri-Corp. Development, Inc. d/b/a Gilberton Power Company ("GPC") and together with SER collectively, the "Cogeneration Facilities").

RAC is an anthracite mining company with its corporate office located in Pottsville, Pennsylvania. Our mining operations are located in Schuylkill and Northumberland Counties. In addition to supplying anthracite and carbon products to domestic and international consumers, RAC has vast reserves of culm, also known as coal refuse or waste coal, that is used as fuel by the waste coal to energy cogeneration industry which includes the Cogeneration Facilities. As everyone on this Committee is aware, culm or waste coal is the byproduct of legacy mining conducted prior to the implementation and requirements of the Surface Mining Conservation and Reclamation Act.

SER and GPC are both culm to energy power generation facilities that use culm as fuel to generate electricity. Pennsylvania has designated culm, also referred to as coal refuse or waste coal, as a tier 2 alternative energy source under the Pennsylvania Alternative Portfolio Standards Act. Further, the Cogeneration Facilities are part of the reclamation process by using culm as fuel for electricity, and then the beneficial ash byproduct is used to reclaim abandoned mine lands.



RAC together with the Cogeneration Facilities have deep roots in the Commonwealth's energy industry and remains committed to providing reliable electricity, supporting family-sustaining jobs, and addressing historic environmental challenges associated with legacy coal mining operations.

From our perspective, increasing energy production is not simply an economic development objective. It is an essential component of Pennsylvania's future competitiveness and electric reliability.

Pennsylvania's Energy Leadership Must Be Preserved

Pennsylvania has long been one of the nation's leading energy-producing states. The Commonwealth's abundance of natural resources, skilled workforce, and robust energy infrastructure have allowed Pennsylvania to serve as a major supplier of electricity and fuel throughout the Mid-Atlantic region.

Today, demand for electricity is increasing substantially. From population growth to growth in manufacturing, industrial, and emerging technology sectors all require large quantities of affordable and reliable energy. At the same time, grid operators have repeatedly warned of tightening reserve margins and growing concerns about resource adequacy, especially with base load power generation facilities such as coal fired plants and nuclear power plants curtailing operations and/or shutting down due to various reasons including but not limited to regulatory related matters.

Pennsylvania is uniquely positioned to meet these challenges. Rather than constraining generation, policymakers should encourage the development, retention, and expansion of diverse energy resources capable of reliably serving customers around the clock.

A resilient electric grid depends on fuel diversity. Natural gas, nuclear power, renewable resources, waste coal-based generation, and coal-based generation each contribute unique attributes that strengthen reliability and help protect consumers from price volatility.



The Importance of Baseload Generation

Reliable electricity is the foundation of economic growth. Unlike intermittent resources that depend on weather conditions, baseload generating facilities such as the Cogeneration Facilities can operate continuously and provide power when Pennsylvanians need it most.

Waste coal generation facilities including but not limited to the Cogeneration Facilities play an important role in this energy mix by providing dispatchable, dependable electricity while simultaneously addressing historic environmental liabilities. The Cogeneration Facilities contribute to grid reliability during periods of peak demand and extreme weather conditions when dependable generation resources are particularly valuable.

As policymakers evaluate Pennsylvania's energy future, it is important that markets and regulatory frameworks appropriately recognize the reliability attributes provided by dispatchable power generation. Further, policymakers must recognize the importance of streamlining the regulatory process for various sources of fuel including but not limited to permitting and other requirements for waste coal suppliers. Fuel suppliers, depending on the industry and type of extraction, face regulatory challenges and high costs that in some instances stymie or prohibit development of fuel extraction and/or mine sites.

Waste Coal Generation Provides Unique Environmental Benefits

The Cogeneration Facilities are unlike traditional coal-fired power plants often discussed in national energy debates.

Waste coal-to-energy facilities consume coal refuse piles left behind by decades of historic mining activity. These legacy refuse piles can contribute to acid mine drainage, sedimentation, and



other environmental impacts that negatively affect streams, waterways, air quality, and surrounding communities.

By utilizing this waste material as fuel, the Cogeneration Facilities help remove and reclaim abandoned coal refuse sites while generating baseload electricity for homes and businesses.

This produces a significant environmental benefit that would not occur if the waste material were simply left in place. Reclamation efforts associated with waste coal generation have helped restore thousands of acres of previously impaired land and have improved water quality in mining-impacted watersheds throughout Pennsylvania.

The continued operation of the Cogeneration Facilities therefore represents a rare opportunity to align energy production with environmental remediation.

Economic Benefits for Rural Communities

The benefits of increased energy production extend far beyond the electric grid.

Energy facilities support high-quality jobs in regions where economic opportunities can be limited. The anthracite region has powered Pennsylvania's economy for generations, and energy-related and mining-related employment continues to provide stable careers for workers and their families.

Our operations support direct employees, contractors, suppliers, vendors, and numerous local businesses.

When energy and/or mining operations close prematurely, communities often lose not only direct and indirect jobs but also critical sources of local tax revenue and economic activity.



A policy environment that encourages investment in energy production and development of sources of fuel sends a strong signal that Pennsylvania remains committed to retaining and growing family-sustaining industrial employment.

Regulatory Certainty Encourages Investment

Energy infrastructure requires significant long-term capital investment. Whether the project involves generation facilities, transmission infrastructure, fuel supply systems, or other aspects of energy sector, investors need confidence that, in addition to the United States of America, the Commonwealth of Pennsylvania will maintain a predictable regulatory environment.

Policymakers can encourage additional energy production by streamlining permitting processes, reducing unnecessary regulatory delays, and guaranteeing regulatory requirements that a facility is subject to without constant change and/or additional requirements being placed on a facility.

Regulatory certainty would provide clear rules and timely decisions that allow businesses to deploy capital, create jobs, and develop energy resources responsibly. Further, regulatory and legislative certainty would mean that facilities will not be subject to constant regulatory and/or legislative changes and would be grandfathered based on a certain set of clear rules.

Pennsylvania Should Support Existing Generation While Encouraging New Development

The Commonwealth should pursue an all-of-the-above energy strategy that values both existing and future resources.

Maintaining grid reliability and affordability will require preserving valuable existing baseload generation assets such as the Cogeneration Facilities while encouraging new investment. However, there have been recent legislative proposals such as the Pennsylvania Reliable Energy Sustainability



Standard proposal that would, if enacted, substantially adversely impact the Cogeneration Facilities and could result in the closure or curtailment of waste coal to energy power generation facilities. The curtailment and/or closure of these baseload facilities due to the enactment of these types of legislation will have a devastating impact on the power grid, our communities, and all Pennsylvanians. Premature retirement of baseload generating resources can create reliability risks, increase costs for consumers, and reduce Pennsylvania's ability to meet growing electricity demand.

Further, the threat of potential legislation and the constant uncertainty significantly reduce investors' desire to invest in, and/or develop, new sources of, and/or operations related to, energy production. Policies that recognize the unique reliability and economic contributions of existing baseload facilities, including but not limited to the Cogeneration Facilities, can help ensure a balanced and resilient energy portfolio.

Conclusion

Pennsylvania has been an energy leader for generations, and it remains uniquely positioned to meet the nation's growing demand for affordable and reliable power.

As the Senate Majority Policy Committee considers policies to increase energy production, we respectfully encourage support for measures that:

1. Promote responsible development of Pennsylvania energy resources.
2. Preserve existing dispatchable generating assets.
3. Recognize the reliability value of baseload power generation.
4. Support waste coal-to-energy facilities that provide both electricity and environmental remediation benefits.



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5. Establish a predictable regulatory framework that encourages private investment and job creation in both the development of power generation assets and development of fuel sources including but not limited to extraction and/or removal of those fuel sources.

RAC, the Cogeneration Facilities and our related entities stand ready to work with the General Assembly, state agencies, stakeholders, and local communities to advance policies that strengthen Pennsylvania's economy, enhance energy security, and increase energy production to meet the future energy demands.

Thank you for the opportunity to provide this testimony. I would be pleased to answer any questions the Committee may have.

Respectfully submitted,

READING ANTHRACITE COMPANY

Jason E. Kelso

Jason E. Kelso, General Counsel