Testimony

Submitted on behalf of the
Schuylkill Chamber of Commerce, Robert S. Carl, Jr., President and CEO
August 14, 2026

Public Hearing on "Preventing Future Price Spikes in Our Electric Bills: Supply and Demand"
Before the Pennsylvania Senate Majority Policy Committee
Senator David G. Argall, Chairman
Center for Education, Business & Arts (CEBA)
115 N. Main Street
Shenandoah, PA 17976

Good morning, Senator David G. Argall, Chair, Senate Majority Policy Committee, Senator Gene Yaw, Chair, Senate Environmental Resource & Energy Committee, and honorable members of the PA Senate Majority Policy Committee. My name is Robert S. Carl, Jr. and I am the President and CEO of the Schuylkill Chamber of Commerce. The Schuylkill Chamber of Commerce represents 820 business and nonprofit member organizations in the greater Schuylkill County region, but with members from many Pennsylvania counties in the Commonwealth of PA. We represent employers of all sizes, crossing all industry sectors and including members involved in all aspects of the energy industries and those procuring energy every day for their industries and businesses. We are proud to have been recognized as the 2022, 2024, and 2025 Chamber of the Year by the Pennsylvania Association of Chamber Professionals (PACP), a testament to our chamber staff members and Board of Directors' leadership in supporting our members through advocacy and education, member relations, infrastructure enhancement and in partnership and collaboration with the Schuylkill Economic Development Corporation (SEDCO) who has successfully recruited major national employers, including Fortune 500 companies, to Schuylkill County.

Pennsylvania and Schuylkill County have long been a cornerstone of the nation's energy. Schuylkill County was literally the energy home of the Industrial Revolution due to its rich mineral asset of anthracite coal. Even today, anthracite coal is a major export. A *Republican Herald* newspaper article highlighted how the Reading, Blue Mountain, & Northern Railroad carried more than one million tons of Anthracite coal in 2025 for the third consecutive year. The railroad's outlook and critical importance to economic growth and vitality is supported by it servicing coal, petrochemical and consumer products services, including America's Oldest Brewery, D.G. Yuengling & Son.

Pennsylvania is a major net electricity exporter and a leading producer and supplier of natural gas, coal, refined petroleum products, and electricity. This means that we currently produce more electric energy than is used within the state, so substantial electricity generated here is sent to customers in other PJM states to meet its energy demands of those customers. Because of our Marcellus and Utica Shale mineral reserves, Pennsylvania is the second-largest natural gas producing state after Texas and ranked third nationally in net electricity generation in 2024. While, for a significant portion of our energy history, coal-fired power served as the backbone of our energy portfolio serving our homes, businesses, and industries in Schuylkill County, across the Commonwealth of Pennsylvania, and across our nation, in recent years the energy portfolio has shifted in percentage related to market forces, environmental regulations, and alternative fuel sources, and directly related to the resources of Marcellus and Utica Shale supporting the emergence of natural gas. Based on the latest complete EIA state data, Pennsylvania's electric-sector energy mix is approximately 59% natural gas, 31% nuclear, 5% coal, with renewables and other sources supplying the balance. Of importance in this conversation is that the shift away from coal toward natural gas and other lower- or zero-carbon sources has contributed to lower carbon dioxide emissions from Pennsylvania's electric power sector over the long term.

Now comes the discussion regarding the importance of Pennsylvania being the home to the PJM Interconnection, the organization responsible for managing the energy grid and ensuring reliability of power supply across the region that includes 13 states and the District of Columbia, serving more than 67 million people. As the regional transmission organization (RTO), PJM is directly responsible for coordinating the generation and transmission of electricity, ensuring that supply consistently meets demand across its designated footprint. In fact, PJM operates one of the world's largest competitive wholesale electricity markets, where energy producers and consumers buy and sell electricity at market-based rates. PJM is also responsible for grid reliability, affordability and sustainability for millions of households and businesses and is charged with maintaining the real-time balance between electricity generation and load.

That background brings us to today's discussion. Pennsylvania has a looming energy resource adequacy crisis at one of the most expanding and critical times in our history of economic development. The resource adequacy challenge shows a growing divide. PJM has identified a 6,831 MW short of its Reliability Requirement in the most recent 2028/2029 capacity auction. PJM also reports that approximately 15 GW of electricity-generating resources have retired since 2022, while new Large Loads are forecast to increase by an estimated 70 GW by 2038. The North American Electric Reliability Corporation (NERC), the Electric Reliability Organization for North America, reports a low risk of PJM resources falling below required reserve requirements during Summer 2026 under expected conditions, while noting potential demand-response needs during extreme heat. The longer-term resource adequacy concern includes reliable, dispatchable generation retiring due to announced retirements, policy-driven causes, and economic reasons, occurring simultaneously with projected resurgent demand growth. PJM now forecasts demand for winter and summer periods and projects average annual peak-load growth of 3.6% in summer and 4.0% in winter over the next decade. Drivers of this demand growth include anticipated new electrification and data center proliferation.

Looking at data centers and other large loads, PJM now forecasts new Large Loads to increase by an estimated 70 GW by 2038, with data centers among the key drivers of rising electricity demand across the PJM footprint.

PJM capacity prices remain dramatically above 2024/2025 levels, signaling an urgent need for additional supply. In the 2028/2029 delivery year, the capacity market cleared at the FERC-approved cap of \$325 per MW-day, down 2.5% from \$333.44/MW-day for 2027/2028, while the auction still cleared 6,831 MW short of PJM's Reliability Requirement.

Let's look at the root causes of where we are at, and how we got here. In 1996, Pennsylvania enacted the Electricity Generation Consumer Choice and Competition Act (Act 138), restructuring the electric-generation market to permit retail competition. The market therefore relies on competitive merchant generators being available and plentiful enough to meet demand, and to respond to market "build" generation where and when it is needed. Even with escalating prices, new generation is not being built quickly enough to match forecast demand growth and announced retirements. This is clearly a supply and demand economic issue.

While the market was designed to lower costs for customers by encouraging competition through deregulation, here in the PPL territory in 2010, and in other areas of the Commonwealth of PA even before that, the system is no longer working to deliver that economic outcome. Without developing sufficient new power generation resources, or expansion of current generation, Pennsylvanians face higher costs, tighter reserve margins, and increased reliability risk during stressed system conditions, while also increasing the possibility of stalled development and slower economic growth.

As the forecasted demand for electricity in Pennsylvania and throughout the PJM is increasing, due to positive economic development, without sufficient new generation coming online, Pennsylvania consumers will continue to pay more for electricity supply while also having the increased risk of reduced reliability. Because Pennsylvania is part of this regional energy market, electricity flows across the interconnected transmission system according to electrical conditions and impedance, without regard to state boundaries, more generation supply to meet demand becomes critical. Otherwise, Pennsylvanians will continue to experience increased energy capacity prices without any assurance that these cost increases will result in new generation resources developing and being constructed in Pennsylvania.

As with many things in life, Pennsylvania energy policies are being outpaced by the current energy demand market. Policies must be changed to provide energy consumers with more reliability and price stability while advancing the goal of creating more electricity generation. Pennsylvania's generation fleet is overwhelmingly produced by Independent Power Producer (IPP) and combined heat and power facilities rather than electric utilities. Electric distribution companies (EDCs) such as PPL have statutory retail-service obligations, while merchant generators make investment and retirement decisions based largely on market, regulatory, and project economics.

If the market does not sufficiently incentivize the construction of the electricity generation needed, legislative changes to develop solutions would be advisable. These might include 1) new options for generation development, including enabling EDCs to invest in generation, including possibly utility ownership; 2) ensuring that generation is built in the territory of a Pennsylvania EDC, which would assure supporting local demand, bolstering reliability, providing the incentives for economic development and job creation; and 3) returning profits to customers by passing through net revenues received by EDCs with generation participating in PJM to consumers. If PJM market outcomes sufficiently incentivize construction of new generation necessary to assure supply meets demand, then EDCs would not need this option. But this solution would act as “insurance” that would allow EDCs to backstop market failure.

We know that the essence of these suggestions is reflected in pending PA HB 1272 (the “Power PA Act”) and PA SB 897 (“Securing a Reliable and Affordable Energy Supply for Pennsylvania”). As of August 10, 2026, HB 1272 remains referred to the House Energy Committee and SB 897 remains referred to the Senate Consumer Protection and Professional Licensure Committee.

Clearly the time to act is now, in this supply and demand quandary. If the economics of the market do not solve the current demand and growing electricity shortfall, then legislative solutions will be needed and appropriate to secure the Commonwealth of Pennsylvania’s future economic development. At a moment in time where the Commonwealth of Pennsylvania is viewed as an economic development preferred state, and Schuylkill County as a favorable area subsection of the greater Commonwealth, because of proximity to major Interstates, including I-81 and I-78, with a greatly enhanced PA State Route 61 connecting them, we highly encourage Governor Shapiro, his administration, and the State Legislature to act proactively to address the electricity supply needed to meet current and rapidly growing demand.

The Schuylkill Chamber of Commerce, our 17-member Board of Directors, staff, and 820 business and nonprofit members serving the greater Schuylkill County and surrounding region, sincerely thank the Pennsylvania Senate Majority Policy Committee for this opportunity to publicly testify on the importance of this energy production discussion before the committee today.