

Testimony of Craig Gordon on behalf of Invenergy LLC
Joint Hearing of the Senate Environmental Resources and Energy Committee
and the Senate Consumer Protection and Professional Licensure

Examination of the Alternative Energy Portfolio Standards (AEPS) Act

May 1, 2019

Chairman Yaw, Chairman Yudichak, Chairman Tomlinson and Chairwoman Boscola and other distinguished members of the committees, thank you for the opportunity to speak today. My name is Craig Gordon, and I am the Vice President of Government and Regulatory Affairs at Invenergy, one of the largest independent clean energy developers in the country. We are developers, owners and operators of clean energy generation throughout this country and in several other countries around the world.

To date we have developed more than 22,000 megawatts of utility-scale generation since our company was created in 2001.

Our single largest project and investment is right here in Pennsylvania just up Interstate 81. Our \$1.2 billion investment in the 1,500 MW Lackawanna Energy Center became fully operational last year. We began planning for the project as early as 2011 when we were identifying strategic areas to build a large gas plant to replace quickly retiring coal plants. The combination of new transmission and abundant natural gas made the project a no-brainer.

The plant consists of three power trains that are dispatched independently, providing enough electricity for more than a million homes. Our project is extremely efficient and flexible, capable of ramping up and down very quickly to keep the PJM system in balance. This flexibility exceeds that of a traditional coal plant, and far exceeds the flexibility of nuclear plants.

I have a few comments related to the proposed Tier III in Pennsylvania's Alternative Energy Portfolio Statute.

First, the proposed Tier III reflects the opposite type of market opportunity that brought Invenergy to Pennsylvania. The proposed Tier III would reward existing plants that have been paid for by Pennsylvania ratepayers for decades without any requirement that they provide incremental benefits. There is no incremental economic development or jobs.

Second, it would lead us to reconsider our interest in developing similar projects.

As the power sector evolves, so must the policies and incentives. Did Pennsylvania prevent coal plant operators from reducing coal costs because it might impact coal mines? No. Market forces forced plant owners to reduce costs to stay competitive. And when they couldn't remain competitive, they retired.

Third, Pennsylvania exports more than 25% of the electricity it generates. It is blessed with significant natural resources. Because of the surplus, the Tier III program would essentially subsidize power that flows out of state. In other words: Pennsylvanians pay, New Jersey profits.

Fourth, it goes without saying that large profitable plants should not be topped off with additional profits. And in the case of large *unprofitable* plants of which TMI appears to be in a class by itself, they shouldn't be propped up, either. It is far more efficient for the state to transition those communities away from such facilities than to layer on a new source of revenue. A bailout only kicks the can down the road. Yet the inevitable always happens in the end.

One misconception that I'd like to mention is that even when nuclear plants retire there continue to be significant numbers of high paying jobs throughout the decommissioning process that can last more than a decade. There isn't a complete loss of jobs when a plant retires. It actually creates different types of jobs that must be done to ensure safety for the community.

In closing, if Pennsylvania wishes to incentivize a low or no carbon generation portfolio, we encourage policymakers to think boldly and to engage in the market design conversation. Subsidizing an existing sector because it's easier than re-thinking the paradigm is shortsighted and perpetuates perverse incentives and behaviors by those who stand to benefit the most. All at the expense of Pennsylvania's citizens.