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Report: Pennsylvania Well-Positioned to Meet Proposed EPA Power Plant Standards

Keystone State Hitting Clean Energy Targets, Expanding Sustainable Energy as EPA Rules Approach

HARRISBURG, PA – The availability of cheap, abundant natural gas has combined with decreases in coal-fired power generation and continued achievement of state energy policy goals to put Pennsylvania in a good position to comply with the US Environmental Protection Agency’s (EPA) draft plan to cut the state’s CO₂ emissions, according to a new analysis.

The analysis from energy market research firm Bloomberg New Energy Finance (BNEF) and the Business Council for Sustainable Energy (BCSE) found that while coal and nuclear make up the majority of the state’s electricity generation, expansion of renewable energy and additional opportunities in energy efficiency, along with the flexibility to develop its own pollution reduction plan, put Pennsylvania well on the path to hitting EPA’s targets.

“Rising in-state natural gas production has helped keep power prices down in Pennsylvania, while coal-fired generation has decreased and the state has built more than a gigawatt of new renewable energy capacity,” said **Nathan Serota, BNEF Analyst for US Power and Clean Energy Economics, and co-author of the report.** “At the same time, the Commonwealth has been hitting its clean energy and energy efficiency targets in stride, suggesting it has a range of affordable tools it can leverage to comply with the Clean Power Plan.”

BNEF’s analysis notes that sustainable electricity sources including natural gas, small hydro and onshore wind are already among the cheapest options for generating electricity in the state. From 2008 to 2013, coal’s share of Pennsylvania’s electricity mix fell from 53% to 40%. Meanwhile, natural gas “has been the fuel of choice for building new power plants in the Commonwealth, accounting for 83% of capacity additions between 2000 and 2013... and the gasification of the state’s power sector is set to continue as it loses another 18% of coal capacity between 2014 and 2020.”

BNEF’s report, “State Energy Fact Sheet: Pennsylvania,” is available at <http://bit.ly/1NfA7DH>. BNEF’s report was developed in partnership with the Business Council for Sustainable Energy (BCSE). The EPA’s draft Clean Power Plan tasks Pennsylvania with reducing its ‘adjusted’ emission rate (AER) by 31% by 2030.

“Pennsylvania is a leader when it comes to policies that expand renewable energy, and there are major opportunities for further growth,” said **Paula Soos, Vice President of Government Relations at Covanta Energy**, a member of the Business Council for Sustainable Energy.

“Pennsylvania is the largest waste-importing state in the nation, and the waste-to-energy sector is ready to turn that waste into affordable and sustainable power. Doing so will create jobs and help the state meet its EPA targets at the same time.”

BNEF highlighted several key sustainable energy policies in the Keystone State. Pennsylvania

“has a mandatory alternative energy portfolio standard (AEPS) requiring 8% of retail sales to come from Tier I renewable resources by 2021,” BNEF notes, adding that “In 2013, renewables provided 4% of in-state generation – roughly aligned with 2013’s interim AEPS goal of 4% of retail sales.”

BNEF also points to the Commonwealth’s Energy Efficiency Resource Standard (EERS), noting that “energy efficiency spending has resulted in all of the state’s utilities achieving their mandatory 2013 EERS target, passed into law in 2008, with reported benefit-cost ratios higher than two to one; and, state-wide, utilities have already posted 62% of the energy savings needed to meet their 2016 EERS target.”

“Pennsylvania has a strong and growing base of sustainable energy to support its implementation of EPA’s Clean Power Plan,” said **Lisa Jacobson, President of the Business Council for Sustainable Energy**. “Pennsylvania’s national leadership on natural gas, combined with expanding wind, hydro, efficiency and other sustainable resources, give the Keystone State many options when it comes to meeting EPA’s targets. In doing so, Pennsylvania can continue to attract new investment and jobs across the energy sector.”

Other key findings from BNEF’s analysis include:

- **Natural Gas Leadership Keeps Costs Low, Helps with EPA Targets:** BNEF found that Pennsylvania “is driving a sea change in US natural gas markets, as Pennsylvania natural gas production growth... has contributed to falling natural gas prices, lowering fuel costs for the state’s gas-fired generators. This has improved the economics not only for the state’s own gas fleet, but for nearly all gas-fired units in the Northeast and across the US.”
- **Renewables are Growing Fast:** BNEF notes that “Pennsylvania built 1.4 GW of utility-scale renewable capacity between 2008 and 2013, mostly from wind and hydro power, bringing cumulative installed utility-scale renewable capacity to 4.5 GW by the end of 2013. Of the 4% (7 TWh) of in-state generation coming from renewables in 2013, wind accounted for 39%, followed by biomass, biogas and waste-to-energy at 36%, hydro at 24% and solar at 1%. ...Over 50 MW of residential solar PV was installed in Pennsylvania through 2013, incentivized, in part, by the solar PV requirement carved out of the state’s AEPS.”
- **Leading on Energy Efficiency & More Can Be Done:** BNEF found that “Pennsylvania is a relative leader in terms of its overall energy efficiency efforts, based on the American Council for an Energy Efficient Economy’s (ACEEE) state scorecard (Pennsylvania received 22 out of 40 possible points in 2013, the 20th highest score in that year).” BNEF adds that, “[Pennsylvania’s] own analysis showed it could economically achieve 17.3% of cumulative energy savings (relative to the June 2009-May 2010 baseline) by 2023.”
- **EPA Provides Flexibility to Implement Pollution Cuts:** BNEF points out that while EPA has suggested ways the Pennsylvania can meet its emissions reductions targets, the state has flexibility in developing its compliance approach and a range of options to consider in its plan.

About Bloomberg New Energy Finance: [Bloomberg New Energy Finance \(BNEF\)](#) provides unique analysis, tools and data for decision makers driving change in the energy system. With unrivaled depth and breadth, BNEF helps clients stay on top of developments across the energy spectrum from our comprehensive web-based platform. BNEF has 200 staff based in London, New York, Beijing, Cape Town, Hong Kong, Munich, New Delhi, San Francisco, São Paulo, Singapore, Sydney, Tokyo, Washington D.C. and Zurich.

About the Business Council for Sustainable Energy: [Business Council for Sustainable Energy \(BCSE\)](#) is a coalition of companies and trade associations from the energy efficiency, natural gas and renewable energy sectors. The Council membership also includes independent electric power producers, investor- owned utilities, public power, commercial end-users and project developers and service providers for energy and environmental markets. Since 1992, the Council has been a leading industry voice advocating for policies at the state, national and international levels that increase the use of commercially available clean energy technologies, products and services.

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