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Governor's Proposed PACER and PRESS Legislation Seek to Lower GHG Emissions

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On March 13, 2024, Governor Shapiro's office [announced](#) the Pennsylvania Climate Emissions Reduction Initiative (PACER) and the Pennsylvania Reliable Energy Sustainability Standard (PRESS) legislative proposals. Together, these two initiatives seek to lower greenhouse gas emissions and promote the use of alternative energy for the electric energy grid in Pennsylvania. We note that first, as of the date of this article, the language of the bills has not been made publicly available and second, these initiatives are not mutually exclusive, so it is possible the legislature may pass only one of them.

Pennsylvania Climate Emissions Reduction Initiative (PACER)

PACER is a Pennsylvania-specific-cap-and-invest program that, if passed, would set a declining cap on carbon emissions from Pennsylvania's fossil fuel-fired power plants and require them to purchase credits from the Commonwealth to offset emissions. It would also remove Pennsylvania from the Regional Greenhouse Gas Initiative (RGGI). PACER Credits would be tradeable emission credits, similar to RGGI credits; however, non-profit entities will not be allowed to purchase PACER credits to remove them from the market. This program would direct DEP to conduct a Pennsylvania-run auction similar to the RGGI program. DEP could be allowed to delegate the implementation of the auction to an agent but retain enforcement authority. If passed, DEP will be required to

review the Pennsylvania Base Budget established under the currently enjoined RGGI regulation within 120 days to determine whether a new Base Budget should be established. The new regulation, if needed, would be promulgated by the streamlined Final Omit regulatory process.

Revenue from the sale of CO2 allowances under the PACER Program would fund the following recipients and programs: (1) consumers as an on-bill rebate by the Public Utility Commission; (2) a "Workforce Enhancement Account" for projects such as carbon capture and storage, new uses for legacy coal and natural gas sites such as modular reactor development and construction, geothermal deployment, battery storage facilities, retrofitting natural gas plants with carbon capture equipment, and advanced manufacturing and clean hydrogen development; (3) projects in the Commonwealth that reduce air pollution; and (4) a Low-Income Support Account used to reduce the energy bills of low-income consumers.

Pennsylvania Reliable Energy Sustainability Standard (PRESS)

PRESS aims to expand the Alternative Energy Portfolio Standards Act established in Pennsylvania 20 years ago, while adding nuclear power and next generation technologies such as fusion and clean forms of natural gas. To accomplish this, PRESS would promote energy build-out in Pennsylvania and create a broader mix of energy resources in Pennsylvania. PRESS emphasizes resilient forms of energy generation, including battery storage, natural gas, and nuclear power to promote reliability in the energy grid. It targets specific forms of energy development to build a more diverse, reliable

grid. Reliability of the PJM grid will be a crucial challenge in the coming decades.

If passed, PRESS will raise the target for renewable energy in Tier I to 30% by 2035. Tier I includes biologically derived methane gas, solar photovoltaic and solar thermal energy, wind power, low-impact hydropower, geothermal energy, and biomass energy. Similarly, the target for renewable energy in Tier II will increase to 10% by 2035. Tier II includes Tier I reliable energy portfolio sources located within Pennsylvania, distributed generation systems, demand-side management, large-scale hydropower, fuel cells, coal mine methane, small modular reactors, and fusions technology. PRESS creates a new Tier III that includes waste coal, municipal solid waste, integrated combined coal gasification technology, generation of electricity utilizing by-products of the pulping process and wood manufacturing process, Tier I reliable energy portfolio sources located within Pennsylvania, and natural gas or coal using hydrogen (20%) co-fired blend or CCUS equivalent until 2033, requires CCUS or co-firing with 80% hydrogen blend by 2038. Tier III has a target of 10% by 2035.

For more information and insights on what PRESS and PACER may mean to the energy industry, tune in to Kevin Garber's presentation at PIOGA's Spring Meeting on April 18, 2024.