



Testimony of

**Patrick Henderson
Marcellus Shale Coalition
Before the
House Republican Policy Committee**

Impact of Inflation on Working People and Their Families

June 14, 2022

Good morning, Chairman Causer and members of the committee. My name is Patrick Henderson, and I serve as Director of Government Affairs for the Marcellus Shale Coalition (MSC). The MSC is a state-wide trade association representing more than 120 energy companies from the upstream, midstream, and downstream sectors, and those who supply goods and services to the industry. Our members are fully committed to working with local, county, state and federal government officials to facilitate the safe development of natural gas resources in the Marcellus, Utica and related geologic formations. I appreciate the opportunity to be with you today and to share some thoughts on the impact our current inflationary crisis is having on our fellow Pennsylvanians.

The numbers, unfortunately, are all too familiar to us right now. Last week, May's historic inflationary rate was reported¹ at 8.6% year-over-year, the highest increase since December 1981. Within this broad-based increase, those commodities which makes up a significant percentage of each of our monthly budgets were hit even harder. Energy commodities – the actual supply of energy, like fuel oil, gasoline, and natural gas – are up 50% over the past year. My colleagues will talk in some more detail about some of these products, like gasoline and fuel oil. Electricity costs are up nationally 12%. Bear in mind, there is often a lag for consumers on seeing higher electricity costs reflected in their bills, as utility bills are adjusted semi-annually by the Public Utility Commission. These increases do not yet reflect any increase forecast from Governor Wolf's decision to enter into the Regional Greenhouse Gas Initiative, which, barring a judicial intervention, will take effect for power producers on July 1st.

It is important to take a moment and note that there are some options available to Pennsylvania consumers to help manage these increases. Thanks to the foresight of our General Assembly and past governors, consumers in many parts of Pennsylvania served by utilities are able to shop² for their electricity and natural gas supplier. Still, even under these options, sudden, rising costs have hit consumers hard, forcing choices between which competing priority within their household budgets may not be able to be met.

¹ U.S. Bureau of Labor Statistics – <https://www.bls.gov/news.release/cpi.nr0.htm>

² Consumers can visit www.pagasswitch.com or www.papowerswitch.com to learn more

However, words have consequences, and actions more so. Let us also be clear: while some of our leaders blame foreign despots for this crisis, the blame also lays at the collective policies they themselves have advanced.

At the federal level, President Biden has all but prohibited any future leasing of taxpayer-owned land for the development of oil and natural gas resources. He also has effectively prohibited the siting, development and operation of critical new pipeline infrastructure to move available product to its region of need. His Administration has hastened attempts to transition away from American domestic energy, and in doing so, has caused unnecessary pain to the consumer.

To curb this self-inflicted crisis, the Administration has inexplicably sought assistance from OPEC and other foreign cartels and dictators by urging them to increase their energy production in lieu of domestic production and the American jobs that go with it.

Here in Pennsylvania, Governor Wolf has undertaken unilateral action to prohibit development of natural gas resources within the entire Delaware River basin, depriving tens of thousands of landowners their property rights. Additional, strategic leasing of state forest land – done in a manner that would not disturb any surface of the forestland – has been banned. This despite the success of the strategic leasing done by former Governor Rendell that raised over \$400 million for state budget and conservation needs, and still generates an additional \$80 million in annual royalties for environmental priorities. This development to date has saved taxpayers billions of dollars they otherwise would have had to pay. Think about the opportunities if we were to take away these unnecessary, politically-driven restrictions.

And most fundamentally, it is the inability to secure permits and operate in a rational, predictable regulatory climate that continues to discourage and dissuade capital investment and job creation here in the Commonwealth. Consider, for example, the Department of Environmental Protection's (DEP) erosion and sediment control general permit – the most basic of permits necessary to begin the process of building a well pad, an access road, or laying a pipeline and related infrastructure. Since just 2015, the timeframe to issue this basic permit has increased nearly 100% in the DEP northcentral regional office, while increasing from an average of 117 days in 2015 in the southwestern regional office to 183 days last year. It is important to bear in mind that under DEP's own guidelines, this permit is to be issued in less than 45 days, and in some cases, less than 14 days.

The time available and focus of today's hearing do not permit us to discuss the evolution of complexity and ever-changing discretionary requirements within these and other permits that continues to hamstring the industry. But rest assured, the inability to predictably plan, invest, build and operate natural gas facilities has curtailed market supply and contributed to the inflationary pain facing Pennsylvania residents.

We are appreciative, however, and owe you and your colleagues a debt of gratitude for your continued focus on these issues, and advancement of commonsense legislation to increase Pennsylvania's competitiveness. In particular, House passage of Representative Clint Owlett's House Bill 2461 – related to subsurface leasing of state-owned land; Representative Martina White's House Bill House Bill 2458 – commissioning a study and report on exporting LNG from



Philadelphia; Representative Jon Fritz's House Bill 604 – which sets clear permit review timelines and increases accountability of both permit applicants and DEP; and Representative Tim O'Neal's House Bill 1947, preserving choice for energy consumers – are critical advancements of sound policy that can help meaningfully increase supply, enhance business predictability, strengthen our geopolitical standing in the world, and in doing so, help ease the financial pain so many of our fellow citizens are experiencing.

Pennsylvanians – and our fellow citizens beyond our borders – are in desperate need of sound economic policies that will unleash America's energy resources to stem the pain being felt by historic inflation and cascading supply shortages. Our industry and its employees stand ready to help alleviate this pain and restore our economic and geopolitical stability.

We thank you for your support and look forward to working collaboratively with you.

