

**SMALL BUSINESS COMPLIANCE ADVISORY COMMITTEE
MEETING MINUTES
July 22, 2020**

Members Present: Dale Kaplan, Walter Schroth, Jeremy Hancher, Ed Boito, Rebecca Oylar, Terrell Martin, Laura Edinger, Mike Baker

Others Present: Susan Foster, Nancy Herb, Lucas Hershey, Sean Nolan, Jennie Demjanick, Susan Hoyle, Hayley Book, Nick Lazor, Glendon King, Gregory Logue, Lee Ann Briggs, Robert Routh

Call to Order

The Small Business Compliance Advisory Committee's (SBCAC or Committee) July 22, 2020, meeting began at 10:05 a.m. via Webex conference call.

The Committee welcomed new member Michael Baker of Baker Gas, Inc. to the SBCAC. Mr. Baker was recently appointed to serve on the SBCAC by Senate Majority Leader Jake Corman.

Administrative Items

Approval of Minutes from Previous Meeting

The April 22, 2020, draft SBCAC meeting minutes were approved as written.

Action Items

CO₂ Budget Trading Program

Hayley Book presented the draft proposed rulemaking for the CO₂ Budget Trading Program that DEP is developing to participate in the Regional Greenhouse Gas Initiative (RGGI). The regulation is an effort directed by Governor Wolf's Executive Order of October 2019, titled "Commonwealth Leadership in Addressing Climate Change through Electric Sector Emissions Reductions," directing DEP to draft a regulation and bring it to the Environmental Quality Board (EQB). This Executive Order focuses on reducing CO₂ emissions from the electric generation industry, which represents approximately 30% of Pennsylvania's greenhouse gas (GHG) emissions.

Mr. Schroth asked whether DEP is doing any type of impact analysis for businesses that are indirectly affected by the likely shuttering of coal-fired power plants because of this regulation. Ms. Book replied that conversations have been started with the Pennsylvania Department of Labor and Industry and the Department of Community and Economic Development (DCED) to identify what the impact will be on local communities and employees due to the closure of coal-fired power plants in order to identify the needs of these communities to better address these concerns. Current economic analysis with DCED looked at related upstream and downstream impacts from the

closure of coal-fired power plants. An important impact covered in the analysis includes loss of jobs in the mining sector due to less need for coal because of the closure of coal-fired power plants. There will be more information on this in the future upon completion of the analysis.

Mr. Schroth was concerned that, while there is an analysis being done, there is no data available yet. He expressed concern with the SBCAC making a recommendation on the rule before DEP has defined or quantified the impact of the regulation on small business. Mr. Schroth was also concerned with the decreases in allowances over the years and how the reduction will be handled if technology cannot keep up.

Ms. Book explained that there has been significant analysis around the regulation, and the DCED analysis may provide additional insight into the indirect impacts on business and community. Focused investment of the revenue generated by the program may be able to mitigate any negative impacts to small business.

Regarding Mr. Schroth's question on technology keeping up with decreases in the allowance budget, Ms. Book explained that while coal-fired power plants will likely be going offline, natural gas combined cycle generation is anticipated to increase by more than enough to address the decrease in generation. Pennsylvania exports about a third of the energy that it generates. DEP does not foresee any issues in reliability or transmission due to this transition. DEP has begun conversations with PJM and has requested PJM do further analysis on reliability.

Ms. Oyler asked if there were any changes made to the proposed rulemaking after it was presented at AQTAC based on questions and concerns raised at that meeting. Ms. Book stated that there was a question from AQTAC regarding a definition for the word "cogeneration," resulting in an adjustment to the definition. She explained that feedback from the advisory committees was less about the content of the proposed regulation and more about the perceived impacts of the proposed regulation. Since previous committee meetings, DEP has been participating in focused outreach and conversation with the environmental justice community, to make sure equity principles are incorporated in the development of the proposed regulation. DEP has also been engaging with national organizations such as the Just Transition Fund and launched interagency collaborations to examine any impacts on affected coal-fired powerplant communities. DEP has also been in regular communication with the business community through the Pennsylvania Chamber of Commerce and with the energy generators that would be subject to the regulation.

Ms. Oyler asked if there are other states in the RGGI group that have joined without taking legislative action. Ms. Demjanick responded that New York also joined without a specific legislative directive. Pennsylvania has legislative authority through the Air Pollution Control Act (APCA). Ms. Oyler questioned the legitimacy of the authority through the APCA.

Ms. Oyler asked whether proceeds from the RGGI auction will be used to help displaced workers in the surrounding community. Ms. Book replied that under the current authority, DEP can make investments in renewables, GHG abatement, and energy efficiency. DEP is engaging in conversation with the legislature and sister agencies to identify the needs of these communities and could potentially seek additional legislative authority to implement other programs to assist these communities.

Ms. Oyler asked whether modelling accounts for leakage of energy generation to other states and emissions from those states. Ms. Book replied that modelling does look at generation and emissions in Pennsylvania and other RGGI states and across the PJM footprint. There is emissions leakage anticipated. Even with that leakage, the models predict a significant reduction in emissions in Pennsylvania and a net decrease across the PJM region. This is the focus of the PJM modelling as part of their Carbon Pricing Task Force.

Ms. Oyler asked why abandoned well plugging was removed as an offset. Ms. Book replied that it is more difficult to quantify and implement, and it did not appear to be as cost effective as many of the other offset options.

Mr. Kaplan read a letter from David Cranston, President of Cranston Material Handling Equipment Corp. and member of the National Federation of Independent Businesses. Mr. Cranston's letter emphasized his concern of RGGI and the CO₂ Budget Trading Program. He noted that low energy prices are a competitive advantage for Pennsylvania businesses because Pennsylvania energy costs are lower than all other RGGI states. Pennsylvania is a net exporter of energy to these other states. He expressed the opinion that the CO₂ Budget Trading Program will act as a hidden tax and the increased costs will have a significant negative impact on business with little benefit in CO₂ emissions reductions versus the business as usual scenario. Ms. Book explained how the models show energy prices rising in either case, and the business as usual scenario actually shows higher energy prices by the year 2030. While the rule may cause minimal short-term electricity price increases, the investment into clean energy will pay off in the long run from an economic and environmental standpoint.

Mr. Schroth asked whether DEP was considering an offset for the coal-fired power plants where the proceeds could be used to help the impacted companies to transition to clean energy solutions. Ms. Book indicated that the auction proceeds are not specifically to be used for energy sector projects, but rather other offset initiatives seeking greenhouse gas reduction outside of electricity generation. Mr. Schroth also questioned the projection that energy prices will rise over the next 30 years. Ms. Book responded that the projections come from PJM, the U.S. Dept of Energy, and various other legitimate sources.

Mr. Schroth was concerned that certain school districts will be negatively impacted by the rule and asked whether RGGI auction proceeds could be used to assist these struggling school districts. Ms. Book responded that the DCED is performing an analysis to evaluate these concerns. Auction proceeds could be allocated to support

transitioning communities, but it would ultimately be up to the legislature how this would be done.

Mr. Kaplan reviewed the concurrence letter with the Committee. Mr. Schroth offered a motion to concur with DEP's recommendation to move the draft proposed rulemaking to the EQB for consideration. Mr. Boito seconded the motion. Before voting, the Committee opened to discussion, with members providing their final thoughts before taking a vote.

Mr. Hancher expressed support of the RGGI program. He noted the improvements to air quality at the beginning of the Covid19 crisis, indicating that there is room for improvement for our air quality. He found it appealing that some of the investments would be used to support small businesses that may be adversely affected by the rule.

Mr. Baker expressed concern that the rule will be burdensome to Pennsylvania's rural communities. He expressed his opinion that thousands of workers in the energy sector will lose their jobs and businesses will go bankrupt, along with indirect adverse impacts on small business in communities that support the energy sector. While he expressed support for clean air, he did not think this is the right path to improving air quality.

Ms. Oyler questioned the assumptions outlined in the proposed rule. She noted that the proposed outcomes did not play out as expected in the other RGGI states, and unlike other RGGI states, Pennsylvania is one of the biggest net exporters of energy in the country. She pointed out that the drop in energy prices in RGGI states cannot be attributed to RGGI, as prices in Pennsylvania have also dropped. Emissions in Pennsylvania are significantly lower than in the past due to technological advancement. Renewable energy generation in Pennsylvania is higher than in other RGGI states, which indicates that RGGI proceeds are not significantly advancing renewable energy generation. She suggested that market forces will naturally put coal plants out of business over the next decade, which will give local economies time to adjust. She expressed her opinion that without RGGI there will be additional technological innovation above and beyond the advancements that have already made our air significantly cleaner. She also questioned DEP's authority to implement RGGI.

Mr. Schroth concurred with Ms. Oyler that the rule is not ready and is being pushed through. He expressed his opinion that more information should be gathered on how small business will be impacted by the proposed rule before moving forward.

Mr. Schroth offered a motion to table the vote until more information is provided on the proposed rulemaking. There was no second to his motion to table the vote, and, therefore, the Committee moved forward to vote on the original motion. The Committee voted 3-4-0, not concurring with the Department's recommendation to present the proposed rulemaking to the EQB for consideration as a proposed rulemaking for public comment.

Informational Items

Environmental Management Assistance Program (EMAP)

Jeremy Hancher, EMAP Program Manager, provided an update on EMAP activities. EMAP staff are still following Governor Wolf's stay-at-home orders and their respective Small Business Development Center's (SBDC) host university guidelines and restrictions. The toll-free EMAP environmental hotline is fully operational, and EMAP is requesting that small businesses reach out and communicate with staff through electronic means.

Mr. Hancher reported that in the first quarter of 2020, EMAP received 32 requests for technical assistance; 10 of them were received through the EMAP hotline and 22 directly through the EMAP website.

Six of the requests were from small businesses referred by DEP staff, five were air quality-related, and one was waste-related. There were twelve requests for permit-related assistance, nine air-related and three waste-related. EMAP environmental consultants did not conduct on-site assessments at small businesses due to the Covid19 stay-at-home order and university travel restrictions. There were eight new EMAP clients during the quarter. EMAP provided 88 small businesses with in-depth technical assistance. Major work output included: two Requests for Determination (RFD); nine Plan Approval applications; 14 State-Only Operating Permit applications; three General Permit applications; and four Allegheny County Health Department (ACHD) installation/operating permit applications.

During the second quarter of 2020, EMAP assisted small businesses with a range of environmental issues. EMAP assisted small businesses with Covid19 funding opportunities and grants offered by counties, non-profits and private entities. There were several requests for help with Air Emission Statement (AES) reporting and questions about proper labelling and registration of hard surface sanitizing chemicals. There were two requests for assistance related to startup recycling businesses.

On June 3, 2020, EMAP participated in a Clarion University SBDC workshop that was held via a Zoom webinar, and 28 small businesses were in attendance. The workshop included speakers from the Department of Labor (DOL), Occupational Safety and Health Administration (OSHA), DOL Wage and Hour Division, Clarion SBDC, EMAP, and DEP's Small Business Ombudsman, Ed Boito. The next workshop is scheduled for September 2, 2020, via Zoom webinar. Registration is open to all Pennsylvania small businesses.

Small Business Ombudsman Report

Mr. Boito provided an update on the status of the 2019-2020 Small Business Advantage (SBAG) grant program. The program received a record 239 applications. Approximately \$966,000 was awarded. There were 126 lighting projects completed for a total of approximately \$483,000. There were 30 medical equipment upgrades, 12

natural resource protection upgrades, and 44 upgrades categorized as other. Mr. Boito announced that the SBAG will open again on Friday, July 31 with \$1,000,000 available for the 2020-2021 grant program.

Mr. Kaplan pointed out that most of the grants awarded were for lighting projects and asked whether restrictions on the amount of the SBAG funding allocated to lighting projects were being considered. Mr. Boito explained that lighting projects are limited to a maximum grant amount of \$6000. Additional restrictions on lighting upgrade projects are not under consideration because there is a strong return on investment from an environmental standpoint for these upgrades.

Mr. Kaplan asked if Mr. Boito could send out an email announcement with information on the upcoming grant that can be forwarded to small businesses that could benefit. Mr. Boito agreed to have an email blast sent out to everyone by Friday.

Air Quality A Perspective

Bureau of Air Quality (BAQ) staff member, Nicholas Lazor, presented “Air Quality A Perspective.” The presentation challenged a common negative perception of poor air quality in Pennsylvania and across the U.S. by providing data and imagery that shows that air quality has been improving dramatically over past decades. While Pennsylvania air quality has improved, there are still challenges and improvements that can be made. Staffing and funding are always important to maintain the air quality that we have and to make further air quality improvements that protect Pennsylvania residents.

Ambient Air Quality in PA During Covid-19 Pandemic

Mr. Nolan offered to postpone his presentation until the next committee meeting as discussion on the CO₂ Budget Trading Program draft proposed rulemaking was significantly beyond schedule. The Committee agreed that it was ok to postpone this presentation.

Member Elections

The Committee unanimously re-elected Dale Kaplan as Chair and elected Walter Schroth as Vice Chair.

Other Business and Discussion

Ms. Edinger shared that she will be leaving DEP for new opportunity at the end of the month and will no longer be part of the Committee. She expressed how much she enjoys the Committee and appreciates how engaged the Committee is. She said that she anticipates Allen Landis to be her replacement on the Committee.

Mr. Hancher said that EPA received petition to add N-propylbromide as a Hazardous Air Pollutant. EPA has a webinar scheduled to give an overview of the petition approval process and give small businesses the opportunity to ask questions and provide feedback. Mr. Hancher said that he would forward information on this topic to Committee members via email for anyone that would like to attend. Nick Lazor noted

that DEP has been sampling for N-propylbromide for more than a decade with the department's Volatile Organic Compound suite. He said that N-propylbromide is rarely found in the state, although there is one location where it is being used as a degreaser in South Central Pennsylvania.

Adjournment

The SBCAC meeting was adjourned at 12:49 p.m.