

Pennsylvania Senate Bill 275 Energy Choice

Joint Public Hearing, May 11 2021

Dear Chairman Dush, Chairman Yaw, Minority Chairman Kearney, Minority Chairman Comitta and members of the Senate Local Government and Environmental Resources and Energy Committees:

My name is Jamie White and I am President of NAIOP Pittsburgh and speaking on behalf of NAIOP for both the Pittsburgh and Philadelphia Chapters. Additionally, I serve on the NAIOP National Committee for Energy and the Environment where we evaluate federal issues. NAIOP is the largest association of developers, owners, investors and professionals of **commercial real estate** in Pennsylvania. The commercial real estate development in Pennsylvania is a powerful economic engine, creating jobs and generating significant fiscal contributions to the economy. Within our state alone, commercial real estate contributes \$8.4 billion to the Gross Domestic Product and employees over 50,000 people in development, finance, architecture, engineering and construction.

Additionally, as President and CEO of LLI Engineering, I am a Professional Engineer registered in multiple states including Pennsylvania, who designs utility services within facilities and campuses, including co-generation plants and micro-grids. Recent projects designed by my firm include the new micro-grid at the Pittsburgh International Airport. That project utilizes natural gas located beneath the airport to generate 23 MW of electric power. Over 60% is consumed by the airport, with the rest being exported to the electric grid. Additionally the airport micro-grid includes a 6 MW solar field constructed over otherwise unusable land on airport property. This project will make the Pittsburgh airport one of the most resilient and sustainable airports in the world.

On behalf of the more than 600 active members of NAIOP within Pennsylvania, I am here today to express our support for SB 275.

One of Pennsylvania's biggest advantages when competing for job creating businesses to locate or expand in Pennsylvania is energy affordability. Limiting potential employer's energy supply options dramatically hurts the competitiveness of not just a municipality, but also of the entire state. Adding confusion regarding energy choice by allowing different municipalities to restrict energy choices will make attracting businesses to Pennsylvania even more difficult. Most large companies hire site selectors to assist them with decisions to relocate or expand. When site selectors are reviewing new locations, they review maps of major utility providers, and assess cost impacts associated with PUC Tariff costs of those utility providers. To ask them to review local ordinances with each of the 2500+ municipalities within Pennsylvania, regarding allowable energy options, would be untenable.

As real estate developers, making the financial determination to invest in new construction or renovation is a difficult task. Initial development costs such as land acquisition, construction, permitting, etc. and are obviously important. What is often not obvious to those not in the industry are the long term operating costs for a development project. Property taxes, utilities, borrowed interest and

maintenance costs are equally if not more important in the overall analysis. These costs, compared to the rental income frequently delay or totally kill new projects. New commercial real estate development projects create jobs related to the construction. New development provides Spaces and Places for Pennsylvania citizens live, work and play. Companies seeking to relocate or expand carefully study the costs associated with those commercial real estate developments. Increasing energy costs hurts real estate development.

Speaking as an engineer, from an environmental and sustainability standpoint, allowing municipalities to limit energy choice is short sighted and impractical. For example, because the Pittsburgh airport was able to install on-site natural gas generation they are reducing their annual emissions by over 160 tons of NOx, 600 tons of SO2, and 60,000 tons of CO2. Because of the critical nature of the airport electric system, using only photovoltaic, wind and other “renewable” electric technology would not have been feasible. If the municipality in which the airport is located had restricted energy choices, the mentioned environmental improvements in emissions in Pittsburgh region would not have been possible.

As the father of three grown children raised in Pennsylvania, I am disappointed that two of those children felt it necessary to leave Pennsylvania to gain meaningful employment. Limiting energy choice hurts job retention and job growth throughout the state, not just a single municipality. While I understand, why municipalities want to legislate clean air and a better environment, limiting energy choices does the exact opposite by limiting the tools that knowledgeable engineers and developers can use to effect change.

NAIOP strongly supports SB 275 and maintaining energy choices across the entire state of Pennsylvania.

Thank you for your time.

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James D. White, PE
President, Pittsburgh NAIOP
President, LLI Engineering

