

TESTIMONY OF MARK GOUVEIA
SENIOR VICE PRESIDENT, GENON ENERGY
March 4, 2020

Good Afternoon Ladies and Gentlemen. My name is Mark Gouveia. I have over 40 years of experience in the power industry and am a resident of La Plata, Maryland. I am currently the Senior Vice President of Operations at GenOn Holdings, Inc., and am in charge of overseeing the operation of all GenOn assets across the country. For the last 13 years, I have been responsible for the Maryland facilities at Dickerson, Morgantown and Chalk Point located in Montgomery, Charles and Prince George's Counties, respectively.

Thank you for providing me an opportunity to discuss my thoughts related to the proposed bill calling for the shutdown of coal power plants in Maryland. I have had a chance to review the pending bill, and frankly, I am left with more questions than answers. The bill does not fully identify or mitigate the consequences of shutting down over 4,000 MWs of coal-fired generation in the state of which GenOn owns almost 2,500 MWs. There is no comprehensive plan for the impacts on grid reliability, loss of jobs or loss of property tax revenue. There is no clear consideration of the real impacts this shutdown would have on the local communities in Montgomery, Charles and Prince George's Counties.

Let me provide a few details for each site we operate in Maryland:

- a. Our Dickerson Station has been in operation since 1959 and is capable of generating approximately 850 MW's of which almost 550 MW's of those are coal. The plant currently employs 71 employees and pays approximately \$3M in property taxes to Montgomery County annually.
- b. Our Morgantown Station has been in operation since 1970 and is capable of generating approximately 1500 MW's of which almost 1250 MW's of those are coal. The plant currently employs 104 employees and pays approximately \$9M in property taxes to Charles County annually.
- c. Our Chalk Point Station has been in operation since 1964 and is capable of generating approximately 2600 MW's of which 670 MW's of those are coal. The plant currently employs 123 employees and pays approximately \$8M in property taxes to Prince George's County annually.

We currently provide high quality jobs at our facilities with above average wages and benefits to almost 300 people. The shutdown of coal generation for GenOn in Maryland would reduce that number to approximately 50 people needed to operate and maintain the remaining portions of our Maryland plants. IBEW Local 1900 represents a little over 200 of the employees who would be impacted by this bill. Several of them are here today with their union leadership to express their serious concern over the negative impact this bill would have on them and their families.

The proposed bill does not adequately address retraining of our employees at risk of losing their current employment. This is particularly concerning in Southern Maryland where Morgantown and Chalk Point are located, and where jobs with comparable wage and benefits are very limited. In these areas, the largest employers tend to be non-technical businesses, made up of school

districts, government and food service jobs. Our employees are local, many of whom have lived in these counties for generations; they are unlikely to move for comparable employment outside of the areas they and their families call home.

With respect to the environmental concerns, over the last 10-12 years, we have invested over one billion dollars in emission controls at our coal plants to ensure regulatory compliance and to reduce environmental impacts. These investments in emission control technology, coupled with reduced use of the coal facilities, have reduced NOx emissions by 94%, SO2 emissions by 98% and CO2 emissions by 80% when compared to our emissions levels in 2000.

In addition to lower emissions, we send very little ash generated by burning coal to landfills. Instead, we capture and sell much of the ash and gypsum generated at our facilities to third parties for use in the manufacturing industry.

While our Maryland plants may not operate as often as they have in the past, each plays a significant role in PJM's and PEPCO's grid reliability programs, and are often dispatched during prolonged cold or hot weather conditions, such as the polar vortex that took place several years ago. We also run to support transmission outages and maintenance when out of area generation is restricted to certain areas of the state. During the winter months in particular, when natural gas is often significantly constrained or unavailable, our coal plants offer a necessary hedge against our growing reliance on natural gas generation.

Keep in mind that removal of Maryland coal-fired generation does not mean the gap in capacity will be filled by renewable generation, or that coal will be dead in the Mid-Atlantic region. To the contrary, Maryland will just become even more dependent on generation sources outside of our state. Couple this fact with the findings of PJM's February 24, 2020 electric reliability analysis, that stated without installing localized thermal generation to replace the coal-fired generation that would be shutdown by this legislation, large energy imbalances in the BGE and PEPCO transmission zones would occur, and would have a material adverse impact on customer restoration time following a system blackout event.

Have you considered that if this bill were enacted, Maryland would be exporting high quality jobs out of state, increasing the useful life of coal facilities operating right next door that may not operate under the standards adhered to by GenOn, and cause significant reliability concerns for Maryland citizens in the BGE and PEPCO transmission zones? Is that good policy?

From a tax perspective, these plants inject approximately \$20 million dollars a year annually into the local economy. While GenOn's tax payments are significant in each local jurisdiction, they are particularly significant in Charles County; the accelerated removal of this tax revenue without a comprehensive plan to transition away from the lost dollars associated with a shutdown of the Morgantown coal fired facility risks destabilizing local government programs and budgets.

In addition to the property tax loss, the impact to the Maryland economy would be real. For instance, we regularly engage the local Building Trades to supplement our workforce for emergency and planned outages. It is not uncommon to have 400-500 contractors supporting us

for extended periods during planned maintenance cycles. We would not have a need for many of these contractors if the coal facilities were shutdown.

We conservatively spend more than \$10M per year for goods and services provided by Maryland based companies. There are many local companies that benefit from our continued business, providing part-time labor support, consumables, parts, hotels and food services.

In short, the risks placed on local communities and grid reliability in exchange for PERCEIVED environmental benefits simply don't add up for me.

I am hopeful that this Committee will study the real-life impact this bill could have not only to the environment, but also to the surrounding communities, their economies and their constituents. I am afraid the current bill, as drafted, does not properly address any of the issues described in my testimony, and it does not offer adequate support to offset the devastating impact it could have on the local communities where these facilities are located and where my family resides.

In closing, I'd like to recognize our hardworking, dedicated men and women who are often criticized for the technology they operate and maintain at a great benefit to this State. The work they do to serve Maryland citizens is too often taken for granted.

Thank you for your time. I am happy to answer any questions the Committee may have regarding my testimony.