



## Alternative Energy Report

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**Power Politics**  
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### **Butter to Biodiesel at the PA Farm Show; Renewable Energy Exhibit Continues**

Today marked the always highly anticipated unveiling of the Pennsylvania Farm Show butter sculpture. This year's sculpture is dedicated to the National Guard, and depicts a Guardsman saying goodbye to his family. About 1000 pounds of butter, donated by Land O'Lakes, will be converted to biodiesel by Lake Erie Biofuels at its state of the art biodiesel facility in Erie. The company plans to provide the biodiesel to the PA National Guard for use in its equipment in conduct of operations in the state and overseas.

"We are pleased to help demonstrate the importance of Pennsylvania agriculture and its impact on all phases of our lives," said Michael Noble, president of Lake Erie Biofuels. "Our farmers have always been stewards of the land, and have made our standard of living possible. Agriculture today provides not only for food, feed and fiber needs, but makes a significant contribution to our fuel needs through renewable products like biodiesel."

Lake Erie Biofuels is the largest operating biodiesel refinery on the east coast, with an annual capacity of 45 million gallons. The company has produced biodiesel used in cars, trucks, locomotives, and most recently partnered with Greenflight to provide the aviation fuel for the first jet flight across the continental United States using biodiesel.

Lake Erie Biofuels has partnered with Penn State and Pennsylvania farmers in the state to expand the kinds of crops, including camelina and canola, available for the state's farmers. These small oilseeds can be used to produce biodiesel, but are cover crops, helping the environment while providing revenue for farmers from land that might not otherwise be utilized. "The meal from these crops is used as animal feeds as well," Noble noted, "helping keep costs down for our farmers and consumers."

For the third year running, the Farm Show will focus on renewable energy with the Governor's Renewable Energy Exhibit. Renewable energy is considered by many to be the next frontier of American agriculture, and the exhibit is intended to give visitors an opportunity to learn about the future of wind, solar, biogas, biofuels and biomass technologies in the Keystone state. Renewable agricultural energy has positioned Pennsylvania farmers to capture a market for the development and deployment of a whole new generation of power sources and fuels, strengthening the agricultural industry while improving the environment and providing homegrown fuel sources.

### **Back to Work: Budget, Electric Rate Hikes, Health Care Debates on Agenda as General Assembly Convenes 193rd Session**

The 2009-2010 legislative session officially got underway on Tuesday as the State House and Senate convened with the inauguration of 203 representatives and 24 senators. Twenty-seven new members joined the ranks of the House, and six members entered the Senate as freshmen.

There are few Session days scheduled in January, but debate during the 2009 legislative session is expected to include the \$1.6 billion budget deficit, actions to protect consumers with the impending expiration of electric rate caps, health care reform and continuing calls for property tax relief.

Steve Crawford, the Governor's Secretary for Legislative Affairs, said the Administration's priorities will include action on the electricity rate hikes and health coverage for the uninsured.

Little action is expected before the Governor's annual budget address in early February. With projected budget shortfalls in the billions, this budget season will surely prove to be long and contentious.

House Minority Appropriations Chairman Dwight Evans, said this week that the shortfall in revenue receipts from the General Fund increased to \$814.5 million at the close of December. "In the month of December, total General Fund revenues totaled \$2.1 billion, \$156.6 billion below estimate."

The fiscal outlook is expected to deteriorate further, as January is a significant collection month for sales tax receipts, a reflection of December holiday sales. March and April are even more significant for overall General Fund tax receipts as many individuals and corporations remit income taxes.

Lt. Governor Joe Scarnati has repeatedly said the Senate Republicans will be unified in opposing tax increases, but the first sign that the GOP will not vote as a monolith came this week when Sen. Edwin Erickson (R-Delaware) said Scarnati did not speak for him and that he would not make any *carte blanche* statements in opposition to some tax increases, citing certain smokeless tobacco products.

The first day of session in the State House of Representatives also suggested the budget road this year will be a long mountainous route, rather than an expressway. Republican Leader Sam Smith (R-Jefferson) and Whip Mike Turzai (R-Allegheny) both took the floor in their first speeches to say they would not support increases in taxes, new bonds, and fees.

There have already been discussions about applying a significant portion of the Rainy Day Fund to the state's debt, coupled with dramatically reducing many state programs and continuing the hiring freeze. A federal stimulus package is expected to provide some relief, but it will not solve the overwhelming funding problem.

### **New Speaker Elected, House Committee Chairs Announced**

On Tuesday, with 27 new members seated on the floor, the House of Representatives by a straight party line 104-99 vote, elected Rep. Keith McCall (D-Carbon) as Speaker for the 2009-2010 session. McCall is the 136th House Speaker in the 327-year history of the Pennsylvania General Assembly, and is the first Speaker elected from Carbon County.

Speaker McCall told ERG this week that he hoped to use his new position to "restore the public's faith in government and bring together all the members to do everything we can for the common good of this great Commonwealth and the people we serve." McCall earned much credit last session for his work in keeping a fractious caucus working together and crafting the relationships that made passage of much legislation possible.

One of the Speaker's first tasks was naming the Majority Committee chairs for the upcoming session. Last week, House Republican Leader Sam Smith announced the Republican Committee chairs. Click [here](#) for a full list of Senate and House Committee Chairs.

Rep. Bud George (D-Clearfield) said the House Environmental Resources and Energy Committee will take up the looming spike in electricity rates tied to the expiration of regulation-era rate caps. His committee also will be working on water quality and other issues raised by the boom in exploration of the Marcellus Shale natural gas formation.

Even in energy issues, budget matters have a huge potential impact. "Pennsylvania is really the only gas-rich state that does not tax the extraction of natural gas," Chairman George said. "This is ridiculous, especially when the state is facing up to a \$2 billion shortfall."

And House Consumer Affairs Chairman Joe Preston (D-Allegheny) told ERG that he will begin hearings on implementation of energy efficiency and demand response legislation passed last year with testimony from testimony from PUC Chairman James

Cawley on January 28.

### **House GOP Announces Task Forces to Examine Key Budget Issues**

For the last month, House GOP lawmakers have been meeting to discuss the current economic crisis and dealing with the challenges the state is currently facing, including an estimated \$1.6 billion deficit in the current fiscal year. This week, House Republican Policy Committee Chairman Stan Saylor announced the formation of six task forces to examine key issues facing the state and to develop solutions to guide Pennsylvania out of its current fiscal crisis.

The six task forces and their leadership are:

- Budget and Economic Policy – Under co-chairs, Rep. Craig Dally (R-Northampton) and Rep. Gordon Denlinger (R-Lancaster), this task force will develop sound budget practices, responsible budget cuts and innovative ideas to reduce government spending in light of the looming budget deficit.
- Energy – Rep. Dave Reed (R-Indiana) and Rep. Tina Pickett (R-Bradford) will guide this task force in developing a multi-faceted and comprehensive 21st century energy strategy for the Commonwealth of Pennsylvania.
- Education and Job Training – Rep. Bernie O'Neill (R-Bucks) and Rep. Ron Miller (R-York) will lead this task force to study and craft 21st century education policies and advance equitable education funding – as well as streamlining and improving job training and re-training options available to Pennsylvania citizens.
- Infrastructure – Reps. Tom Killion (R-Delaware), Dick Stevenson (R-Butler), and Russ Fairchild (R-Snyder, Union) will chair this task force to study various transportation issues, including roads and bridges, rail and airport infrastructure, water and sewer infrastructure, and energy infrastructure.
- Health Care – Rep. Kathy Watson (R-Bucks) and Rep. Scott Boyd (R-Lancaster) will once again co-chair this task force that will examine the cost of health care and insurance, and issues related to the medical community.
- Government Reform – Reps. Glen Grell (R-Cumberland) and Doug Reichley (R-Lehigh) will co-chair this task force to examine various identified areas of reform in order to streamline and maximize efficiencies within state government, as well as pursue various reforms in state government, including gambling reform, pay-to-play issues, and no-bid contract reform.

The task forces are to begin work immediately in an effort to have proposals prepared for upcoming budget discussions over the next several months.

### **Pennsylvania Joins Interstate Agreement to Develop Low Carbon Fuel Standards**

This week, Governor Ed Rendell announced that Pennsylvania has signed a letter of agreement with 10 Mid-Atlantic states that will reduce greenhouse gas emissions from transportation fuels and other sources by developing a comprehensive, regional low carbon fuel standard.

The Governor said, "In conjunction with Pennsylvania's energy policies to reduce greenhouse gas emissions and increase clean energy development, this work done by this partnership will ultimately grow our economy and protect our planet by fostering a cleaner environment."

Vehicles using low carbon transport fuels include cars powered by hydrogen fuel cells; electric cars such as plug-in hybrids; vehicles fueled with ethanol; and vehicles fueled with biodiesel.

This effort will analyze low-carbon fuel supply options and develop a framework for a regional standard to ensure sustainable use of renewable fuels.

Partnership states will collaborate with the Northeast States for Coordinated Air Use Management, which is studying a low carbon fuel standard for the region. The states have also agreed to work cooperatively with other states and the federal government, and to influence the design of any federal standard or other proposed fuel policy. Once the low carbon fuel standard is developed, governors from participating states will have the opportunity to consider implementation.

Many of the 11 states in the partnership have set individual policies for reducing greenhouse gas emissions. Pennsylvania enacted the Climate Change Act last year, establishing an advisory committee to create a report on potential climate change impacts and economic opportunities for the commonwealth.

The committee also will write an action plan for cost-effective strategies to reduce or offset the state's greenhouse gas emissions and help the Department of Environmental Protection, DEP, compile an annual inventory of the sources and amounts of greenhouse gas emissions generated within the state.

In addition to Pennsylvania, the other states signing the agreement are Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont.

Those ten states are already partners in the Regional Greenhouse Gas Initiative, RGGI, the first mandatory, market-based effort in the United States to reduce greenhouse gas emissions.

### **Pennsylvania to Implement Clean Air Interstate Rule**

Pennsylvania has moved ahead with plans to implement the federal Clean Air Interstate Rule Jan. 1 after a federal court reversed an earlier decision that struck down the rule. The U.S. Court of Appeals for the District of Columbia on Tuesday ordered the EPA to fix flaws in the Clean Air Interstate Rule, or CAIR, but did not set a deadline.

CAIR was designed to reduce air pollution from power plants in states downwind of the plants where air quality is affected by the emissions. The EPA estimates that in 2010 CAIR would reduce nitrogen oxide emissions across the multistate CAIR region by 44.6 percent, and sulfur dioxide emissions by 71 percent.

The rule requires 28 states in the East, South and Midwest to reduce emissions of nitrogen oxides and sulfur dioxide from power plants.

By 2015, the nation's pollution from nitrogen oxides are to be reduced by 61 percent below 2003 levels, while sulfur dioxide pollution would be slashed by 73 percent below those levels, according to the federal government. The reductions are scheduled to occur in stages.

One implication of the new court decision is that owners and operators of Pennsylvania power plants covered by the CAIR must be prepared to meet the requirements as of Jan. 1. A federal implementation plan will govern the power plants until the EPA approves the commonwealth's CAIR state implementation plan.

With more than 30 coal-fired power plants, Pennsylvania is among the nation's biggest producers of nitrogen oxides and sulfur dioxide. The pollutants contribute to acid rain, smog and soot, which can cause asthma, bronchitis and other breathing problems.

"The court's decision is a welcome development," said Edison Electric Institute spokesman Dan Riedinger. "It means that the first phase of CAIR remains in place, providing greater near-term certainty for pollution reduction programs and emissions markets, and maintaining important health and environmental benefits.

"But it's impossible to predict what comes next," Riedinger continued. "It likely will take EPA at least two years to finalize a new rule requiring additional emissions cuts, and we won't know for some time how the agency will address the court's concerns. Congress also may weigh in legislatively, so considerable uncertainty remains once we get beyond CAIR's first-phase emissions reduction requirements."

Power plant owners were unhappy about meeting the new pollution rules announced in 2005, but they protested when the U.S. Court of Appeals for the District of Columbia Circuit threw out the entire rule last July because it contains a pollution credit-trading provision they support.

The court's recent decision came in response to a petition filed with the court by EPA

in September requesting a rehearing. Pennsylvania joined other states in court in recommending that CAIR not be vacated. The states argued that though there are flaws in CAIR's cap-and-trade process to reduce air pollution, the short-term benefits of reducing air pollution using the first phase of the program weigh in favor of leaving it in place while EPA works to correct the flaws.

## EVENTS

### **Commercializing Your Idea – Product Development for Entrepreneurs**

The workshop is intended to provide an overview of what is involved in commercializing your idea (getting your product on the market). It will assist you in evaluating whether or not your idea may have commercial potential, if you should take the next step in developing the idea, and what that next step might be. You will learn how to protect your idea, how to assess the business opportunity your idea represents, and how to put together a plan for commercialization. The instructor will also address design issues and manufacturing approaches. Finally, you will be directed to other resources that can further assist you, in making your idea a reality.

Classroom instruction is being offered at the following locations from 8:30am to 12noon. It will simultaneously be offered, on each date, via the internet at any Keystone Innovation Zone (KIZ) office around the State. Participants (classroom or internet based) must attend at a KIZ office location. The cost is \$49 (4 hours of instruction).

Click [here](#) for a full list of dates, KIZ locations and cost. You can also call 866-GO-NEWPA or contact Vinelle Johnson Penn State Wilkes Barre at (570) 675-9253? or [vjohnson@psu.edu](mailto:vjohnson@psu.edu).

[2009 Pennsylvania Farm Show](#). Jan. 10 – 17, Farm Show Complex & Expo Center in Harrisburg, Pa.

[4th Annual Military Energy Alternatives Conference/Seminar](#). January 12-14, Washington, D.C.

[Central Penn Energy Symposium](#). Jan. 29, Harrisburg, Pa.

[24th International Conference on Solid Waste Technology and Management](#). March 15-18, Philadelphia, Pa.

[Lehigh Valley Green Builders Forum](#). March 20-22, Bethlehem, Pa.

[GLOBALCON 2009 Trade Show/Exhibition](#). Apr. 1-2, Atlantic City, NJ

[Fueling the School: Pennsylvania's First Intercollegiate Biodiesel Conference](#). April 3-4, Dickinson College in Carlisle, Pa.

[Alternative Fuels & Vehicles National Conference & Expo](#). April 19-22, Orlando, FL

[Organic Photovoltaics 2009 Conference/Seminar](#). April 27-29, Philadelphia, Pa.

[Alternative Energy & Building Efficiency Conference & Expo](#). May 18-20, Boston, MA

[United We Stand: Building a Sustainable Economy Conference and Trade Show](#). August 18-19, Washington, D.C.

[2009 World Green Energy Symposium](#). Sept. 13-15,

The MidAtlantic Renewable Energy Association Presents: [Pennsylvania Renewable Energy and Sustainable Living Festival](#). Sept. 18-20

## NEWS CLIPS



[BARD raises \\$40 million for Philadelphia biodiesel plant](#)

[Natural gas firm wants daily shot at 4 million gallons of creek and lake water](#)

[Modified plants may yield more biofuels](#)

[Power-line battle 'just beginning'](#)

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