



Alternative Energy Report

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House Democrats Outline 2008 Legislative Agenda; Energy Conservation High on List

House Democrats this week unveiled plans to move forward with substantive energy conservation legislation and expand funding to accommodate the Governor's request for \$850 million in economic incentives for energy. While property tax reduction legislation, government reform and health care reform remain at the top of their priority list, House leadership said they would address energy legislation between now and June, when the General Assembly is expected to begin 2008-2009 budget negotiations in earnest.

Majority Whip Keith McCall (D-Carbon) outlined two bills to be introduced as part of the special session on energy. He announced that Rep. Camille "Bud" George (D-Clearfield), chairman of the House Environmental Resources and Energy Committee, would introduce Special Session House Bill 19, designed to promote energy efficiency and to address demand side management. The bill will address energy efficiency by having the power companies reduce their output by 2.5% by 2013 and on the demand side it requires them to reduce peak demand by 4% in 2013.

McCall said he would introduce Special Session House Bill 20 dealing with the issues of procurement, smart meters, and ramp up and phase in as well as customer education and programs for low-income individuals to mitigate the removal of the rate caps. According to McCall, Pennsylvanians spend about \$30 billion a year on liquid fuels, money we are exporting out of this Commonwealth primarily to overseas countries in the Middle East.

When asked by a reporter how the House Democrats proposed funding alternative energy, McCall said that the Senate sent over a bill that provided for \$20 million in bonding and \$40 million in direct investment. The Senate used utility gross receipts money for the funding mechanism, and the House Democrats plan to do the same. He said that in anticipating the gross receipts money when the rate caps come off, "it is anticipated the money the Commonwealth will receive in new dollars will be about \$385 million and the sales tax component of that will be around \$81 million. We would like to take that same \$60 million and bond the entire \$60 and raise the \$850 million as opposed to bonding just \$20 million and direct spending \$40 million. We would rather take the bonded \$60 million and raise the \$850 million."

The announcements did not include Democrats' plans for dealing with support for the state's biofuels industry through tax credits, incentive payments or mandates. And scheduling of these legislative initiatives is still undecided.

Sen. Specter meets with ERG, Energy Executives

US Senator Arlen Specter met last week in Harrisburg with ERG and a dozen executives of Pennsylvania-based energy and rail companies. The meeting, hosted by ERG, focused on the needs of alternative energy industries as well as the role Pennsylvania's world class short line rail freight system can play in developing those

industries.

Specter talked about the recently passed Energy Act of 2007, and the impact it could have on promoting growth in the industry. He urged the participants to continue exploring ways to expand, recognizing the impact alternative energy can have on job creation and the state's economy.

Click [here](#) for rest of article.

House Agriculture Committee Sets Priorities

The House Agriculture and Rural Affairs Committee met this week to discuss the committee's plans and priorities for 2008. Many committee members said they would like to further explore renewable energy, as it pertains to agriculture. ERG will be working with Committee leadership and staff to assist as a resource as the committee considers actions to support the industry.

Representatives indicated an interest in exploring the impact biofuels has on agriculture. Rep. John Myers (D-Philadelphia) said he would be "interested in a hearing or a joint committee meeting or a study group or whatever it would take to wrap our arms around that." Chairman Hanna noted most energy bills are referred to the Environmental Resources and Energy Committee and he would talk to them about a joint hearing. He also indicated he was open to having a hearing on the subject.

Rep. Babette Josephs (D-Philadelphia) expressed concern with the use of corn as an alternative energy source, the increased price of corn and its potential impact on the international food market, and would like the topic to be discussed further.

Other representatives suggested hearings on biomass, perhaps even going on the road to educate farmers and the public on the potential of biomass fuels. It was also recommended that the committee look at providing incentives for switchgrass and sweet beets as alternative energy sources.

Energy Resolution Passes House

In addition to setting agenda, one energy-related resolution was passed during the first full week back since winter break. The House of Representatives unanimously adopted House Resolution 506, sponsored by Rep. Camille "Bud" George (D-Clearfield). The resolution urges the Department of Environmental Protection and the Pennsylvania Public Utility Commission to exercise due diligence on behalf of the state's energy consumers by identifying and evaluating measures taken in other states to manage the transition from electricity rate caps to no rate caps and minimize its impact upon the individual residential consumer.

The agencies are to make written suggestions on how certain laws may be changed to reduce the incidence of rate shock and the impact of rate shock.

ERG Launches New Web Site

Earlier this week, ERG announced the launch of its new Web site at www.pa-erg.com. The site details the wide array of services offered by ERG to help alternative and renewable energy companies in the region. With more than 80 years of experience in government, corporate and public affairs, ERG provides a variety of key services that are tailored to each business's needs.

ERG has dedicated a section of their site to helping businesses and consumers understand what types of energy-related bills are being discussed in Harrisburg as part of the legislature's Energy Special Session. The decisions the legislature is making as part of the Special Session will greatly impact energy production in Pennsylvania for years to come, so ERG has posted a list of all Special Session bills along with a brief summary.

In addition to legislative information, the site also provides energy fast facts, detailing several types of renewable and alternative energy processes, and offers links to clean energy organizations and resources.

Public Hearings Scheduled on Idling Reduction Regulation

Last week, the Environmental Quality Board scheduled three public hearings and will accept comments on a proposed statewide idling reduction regulation that is expected to improve air quality and save millions of gallons of diesel fuel.

The rule is primarily aimed at long-haul truckers, many of whom idle their vehicles during federally mandated rest periods to heat, cool and provide other amenities to their bunks and cabs. It will also affect many delivery trucks, school buses, transit buses and motor coaches.

In most cases, the proposed regulation would limit idling by commercial diesel-powered vehicles to five minutes per hour. It was approved for public comment by the Environmental Quality Board, or EQB, on Oct. 16.

DEP estimates that an engine idling for more than 15 minutes – otherwise known as long-duration idling – amounts to about 22.3 million hours a year in Pennsylvania, approximately 95 percent of which is due to truck travel rest periods. If each of the 13,000 long-haul trucks that idle in Pennsylvania each day used alternative means to provide power during rest periods, fuel use would be cut by more than 20 million gallons per year.

The three public hearings convened by the Environmental Quality Board will be held:

- Feb. 12, at 1 p.m. at the Lehigh County Government Center, 17 S. Seventh St., Allentown;
- Feb. 13, at 3 p.m., at the Rachel Carson State Office Building, Room 105, 400 Market St., Harrisburg; and
- Feb. 15, at 1 p.m., at the Department of Environmental Protection's Southwest Regional Office, Waterfront A and B Conference Room, 400 Waterfront Drive, Pittsburgh.

For more information, visit [DEP's Web site](#).

Thar Technologies Receives \$1.9 Million APT Grant

Harmarville-based Thar Technologies, Inc. recently announced that initial funding to develop green, biodiesel fuel technology had been obtained through a \$1.9 million grant from the Advanced Technology Program (ATP) of the National Institute of Science and Technology (NIST).

According to a press release from Thar Technologies, "despite an increase in biodiesel production, inefficient, pollution-prone processing using hexane to extract oil from oilseeds continues to inhibit biodiesel from becoming a serious alternative to

conventional diesel fuel.” However, successful development of this new green, biofuel technology would profitably produce biodiesel directly from both edible and inedible oilseed stock while reducing energy consumption and eliminating environmental hazards. Thar Technologies also said that the by-product feedstock would have a higher value than that produced through conventional processes.

“This is a really significant investment in our region. The federal government rarely ever gives a grant out this large,” notes Nathaniel Doyno, executive director for Steel City Biofuels. “This technology presents significant opportunities to overcome some pretty big barriers to biodiesel development.”

The Advanced Technology Program of the National Institute of Science and Technology is funding the research. If all goes as planned, Thar will construct a biodiesel plant to pilot the new development process prior to bringing the process to full commercialization.

Lancaster County Hydroelectric Dam Applies to Expand Clean Energy Production Capacity

PPL Corp. has applied to the Federal Energy Regulatory Commission for a license to expand the Holtwood Hydroelectric Plant's production capacity to a level that could meet the powers needs of 100,000 homes. The plant has a current capacity of 109 megawatts.

Under the planned expansion of a Lancaster County hydroelectric dam could add 125 megawatts of clean, renewable electricity-generating capacity in the coming years and improve fish migratory patterns in the Susquehanna River.

In a DEP press release, Environmental Protection Secretary Kathleen McGinty said: “This proposal benefits the commonwealth’s environment in two ways. First, by upgrading the hydroelectric dam, 100,000 homes will be powered without burning dirty fuels. Secondly, it helps our American shad runs by enabling more fish to make it past the dams to spawn.”

DEP will work with PPL over the next year to establish minimum stream flows through the Holtwood dam to ensure water quality standards are met, to enhance recreational opportunities on the Susquehanna River, and to clarify operational issues during droughts.

PPL plans to begin construction in 2009, with generation operations to start in 2012.

Ethanol Capacity in the U.S. Tops 7.5 Billion Gallon

The U.S. ethanol production capacity has risen 40 percent since last year to 7.5 billion gallons per year. Despite some ethanol companies suspending or delaying construction, production capacity continues to grow. There are currently 136 U.S. ethanol distilleries including 63 plants under construction and 8 undergoing expansion. If all the new plants and expansions come on line, total U.S. capacity will be about 13.3 billion gallon per year. The new U.S. energy law mandates a five-fold increase in the use of biofuels to 36 billion gallon per year by 2022.

EPA: Ethanol Helps Clear the Air, Ground and Water

A new study by the U.S. Environmental Protection Agency confirms corn ethanol

additives in gasoline have helped clear the air, ground and water. The study looks at the success of clean-fuels programs implemented by the agency, including the replacement of MTBE with ethanol. MTBE has been a cause for concern because of groundwater contamination.

According to the study, these programs exceeded expectations in reducing ozone pollutants and air toxics, and the research found that emission reductions were often significantly greater than regulatory requirements. In 1996, about 11 percent of the RFG sold contained ethanol while virtually all the remainder contained MTBE. By 2005, the ethanol share increased to about 53 percent, with corresponding decreases in MTBE.

Study Shows Major Net Energy Gain from Switchgrass-based Ethanol

Switchgrass grown for biofuel production produced 540 percent more energy than needed to grow, harvest and process it into cellulosic ethanol, according to estimates from a large on-farm study by researchers at the University of Nebraska-Lincoln. Results from the five-year study involving fields on farms in three states highlight the prairie grass' potential as a biomass fuel source that yields significantly more energy than is consumed in production and conversion into cellulosic ethanol, said Ken Vogel, a USDA-Agricultural Research Service geneticist in UNL's agronomy and horticulture department.

The study involved switchgrass fields on farms in Nebraska, North Dakota and South Dakota. It is the largest study to date examining the net energy output, greenhouse gas emissions, biomass yields, agricultural inputs and estimated cellulosic ethanol production from switchgrass grown and managed for biomass fuel.

The joint USDA-ARS and Institute of Agriculture and Natural Resources study also found greenhouse gas emissions from cellulosic ethanol made from switchgrass were 94 percent lower than estimated greenhouse gas emissions from gasoline production. The researchers reported their findings earlier this month in the Proceedings of the National Academy of Sciences. Click [here](#) to view the report.

EVENTS

Biomass Finance & Investment Summit, January 23-25 in Miami Beach, FL.
The Biomass Industry and the Financial Community Retreat to Miami to Explore Biomass Deal Making Opportunities

[Energy Business Forum](#), January 24, Miami FL.

The conference objective is to serve as a forum for Western Hemisphere energy stakeholders to discuss the status of biofuels technology development; how to overcome the challenges to commercialization; the potential for regional technology transfer; and how hemispheric collaboration can help the Americas collectively secure its energy future.

[2nd Annual Iowa Renewable Fuels Summit](#), January 31, Des Moines, IA.

Learn about Iowa's fastest growing industry – biofuels. This year's panels include: A Sustainable Renewable Fuels Future; Future Fuels Need Future Markets; and Economic Vitality of Renewable Fuels.

[National Biodiesel Board Conference & Expo 2008](#), February 3-6, Orlando, FL.

The conference will feature an exciting educational program along with an array of networking and social events

[Ethanol Short Course](#), February 11-15, Schaumburg, IL.

NABC has identified the need for a comprehensive, economical, and centrally located training program for the aggressively growing fuel ethanol industry. The Ethanol Short Course educates participants on the basics of fuel ethanol production and offers an in-depth study of similar principles.

[Biomass Supply Chain and Logistics Update](#), February 18-19, Nashville, TN.

This event is dedicated to discussing issues and solutions faced by biofuel and logistics professionals.

[13th Annual RFA National Ethanol Conference](#), February 25-27, Orlando, FL.

A record audience is expected to engage in challenging the status quo on the environmental impacts of transportation fuels. With expanding availability of renewable ethanol throughout the country, and a determination to produce ethanol from both grain and cellulosic feedstocks, the ethanol industry continues to demonstrate its commitment to being a part of the solution.

[Washington International Renewable Energy Conference](#) (WIREC), March 4-6, Washington, DC.

The Trade Show at WIREC 2008 is anticipated to be the largest business to business and business to government conference and exposition ever held on renewable energy in the U.S.

[OPIS 4th Annual Ethanol & Biodiesel Supply Summit](#), March 16-18, Washington, DC.

This summit aims to provide answers to key supply, storage, pricing and marketing questions now facing the biofuels marketplace.

[2008 International Biomass Conference & Trade Show](#), April 15-17, Minnesota.

The first International Biomass Conference & Trade Show aims to facilitate the advancement of near-term and commercial-scale manufacturing of biomass-based power, fuels, and chemicals. Plan to learn and share information on biorefining technologies for the production and advancement of biopower, bioproducts, biochemicals, biofuels, intermediate products, and coproducts –through general sessions, technical workshops, and an industry trade show.

National Alternative Fuels & Vehicles Conference May 11-14. Las Vegas, Nevada

The event will offer a wealth of information to advocates for clean transportation, with a variety of conference sessions organized around the following categories: fuels & fueling, electric drive, money, policy, and vehicles. The Expo, which features more than 125 exhibitors from around the globe, will showcase alternative-fueled light-, medium-, and heavy-duty vehicles.

GRANTS

[EPA Offers Up to \\$7 Million in Grants for Methane to Markets Partnership](#)

EPA has made up to \$7 million available through a grant solicitation for innovative international projects and activities as part of the Methane to Markets Partnership. The agency expects to award approximately 40 cooperative grants agreements ranging from approximately \$100,000 to \$700,000. The Methane to Markets partnership is an international initiative to reduce global methane emissions by promoting capture-and-use projects in oil and gas systems, coal mining, landfills, and animal

waste management.

The estimated project period for awards is September 2008 through September 2011. Proposals are due by Feb. 22, 2008 at 4 p.m. EST.

[Research and Development for On-Board Vehicular Hydrogen Storage](#)

Close Date: February 28, 2008

The Department of Energy's (DOE) Office of Energy Efficiency and Renewable Energy (EERE) is requesting applications to support the President's Hydrogen Fuel and Advanced Energy Initiatives in developing a pathway to the widespread commercialization of hydrogen and fuel cell technologies.

[Environmental Sustainability Grant](#)

Close Date: March 1, 2008

The Environmental Sustainability program supports engineering research with the goal of promoting sustainable engineered systems that support human well-being and that are also compatible with sustaining natural (environmental) systems - - which provide ecological services vital for human survival.

[Energy for Sustainability Grant](#)

Close Date: March 1, 2008

The Energy for Sustainability program supports fundamental research and education in energy production, conversion, and storage and is focused on energy sources that are environmentally friendly and renewable. Most world energy needs are currently met through the combustion of fossil fuels. With projected increases in global energy needs, more sustainable methods for energy production will need to be developed, and production of greenhouse gases will need to be reduced. Sources of sustainable energy include: Sunlight, wind, biomass, hydrogen and alcohols are potential energy carriers that can be derived from renewable sources.

[Plug In Hybrid Electric Vehicle \(PHEV\) Technology Acceleration And Deployment Activity](#)

Close Date: April 30, 2008

The Department of Energy (DOE), National Energy Technology Laboratory (NETL), on behalf of the Office of Energy Efficiency and Renewable Energy's (EERE) Office of Vehicle Technologies (OVT) Program, is seeking applications for cost-shared development and demonstration of plug-in hybrid electric vehicles (PHEVs). The vehicle shall be capable of charging by using the standard 110 volt outlet found in every home and building across the United States.

NEWS CLIPS

[Massive gas field detected](#)

[Gamesa Fights Back Against Vandalism](#)

[New Energy Bill Limits Use of Forest Biomass for Renewable Energy](#)

[Most EERE Programs See Increased Funding in Appropriations Bill](#)

[Panel to plot Pittsburgh's solar-powered future](#)

[Casey: Plans a bill to increase public input on the federal push for new transmission lines](#)



[GM to unveil hydrogen-electric Cadillac model](#)

[Save on energy — and taxes](#)

[Texas company to search for gas in Somerset County](#)

[EPA Study: Lake Erie's Water Level Could Drop as Temperatures Rise](#)

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