



Alternative Energy Report

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Power Politics
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the official blog of
ERG.

Speeches, Confirmations and Stimuli Top D.C. Stories

In his Inaugural Address, President Obama referred briefly to alternative energy, noting that "each day brings further evidence that the ways we use energy strengthen our adversaries and threaten our planet." He pledged that, "We will harness the sun and the winds and the soil to fuel our cars and run our factories."

After the Inauguration, the U.S. Senate confirmed Dr. Steven Chu of California as Energy Secretary, Senator Ken Salazar of Colorado as Secretary of the Interior, and Gov. Tom Vilsack of Iowa as Secretary of Agriculture by unanimous voice vote in the Senate.

Economic Stimulus Package

ERG continues to monitor events in D.C. relating to the economic stimulus package. Last Friday, an \$825 billion economic-recovery package began making its way through Capitol Hill, with the release by the [House Ways and Means](#), and Energy and Commerce Committee. These committees released their first drafts of parts of the legislation which included a \$272 billion tax relief package and additional spending for jobless benefits, health care, and energy. This Wednesday, the House Appropriations Committee began looking at the infrastructure section of the package. The [Committee's report](#) provides a summary of this committee's piece of the economic stimulus plan.

The U.S. Senate has not yet publicly released draft language, but six Senators, including Finance Committee Chairman Max Baucus (D-MT) sent a letter to their colleagues on January 15th, asking them to support the inclusion of the USDA energy programs, enacted as part of the Food, Conservation, and Energy Act of 2008 into an economic recovery package to provide rural America an opportunity to recover from a financial crisis while embracing clean renewable energy.

The President and his Administration have consistently called for infrastructure improvements to the electric grid to make transmission of renewable energy, particularly from rural to urban areas, more effective.

This legislation is a huge undertaking, and could be a strong impetus for renewed investment in renewable and alternative energy – something that the previous stimulus package has failed to accomplish. Hopefully the final bill or bills will help with energy related infrastructure, tax credits, and grant/guaranteed loan programs that target not only research and development, but commercialization of energy enterprises, and does so on a competitive basis, letting the marketplace, not the government, determine winners and losers.

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First Biodiesel Mandate Triggered; PA to be B2 Within a Year

During the 2009 Farm Show, Governor Rendell announced that the first in-state biodiesel production threshold of 40 million gallons produced annually has been met and that within one year all on-road diesel fuel must contain a minimum of two percent biodiesel.

"The 2 percent biodiesel mandate will now become a reality because our state's biofuel producers have reached the first critical threshold established by the alternative energy law I signed last summer," Rendell said. Pennsylvania becomes the fourth state to

mandate use of biodiesel in all diesel sales. Minnesota, the first state to do so, is considering a B20 mandate at present.

Pennsylvania's largest biodiesel producer, Lake Erie Biofuels, based in Erie, Pa., attended the historic press conference where they announced that the company is "ready, willing and obviously able" to fulfill the state's B2 mandate. The biodiesel producer has a production capacity of 45 million gallons per year, and produced about 80 percent of the state's biodiesel, in determining threshold production levels.

"We're proud that Lake Erie Biofuels production capability set the stage for a B2 mandate in PA diesel fuel sales," said Michael L. Noble, President of Lake Erie Biofuels. "The Administration and General Assembly have been extremely supportive of the biodiesel industry and Lake Erie Biofuels is in a great position to provide quality fuels to meet this mandate. With the development of infrastructure statewide, Pennsylvania is sure to become an example of leadership in sustaining itself within its own alternative fuel sector."

ERG has been working closely with the Pennsylvania Department of Agriculture which is responsible for oversight of the mandate and developing quality regulations. The Department, along with PennDOT must certify that sufficient infrastructure is in place to meet the mandate at least six months prior to any effective date. The agencies will conduct at least three public hearings across the state on the subject, as required under the Act.

The mandate provisions were included in Act 78, signed into law in July 2008. The Act establishes state renewable fuel standards, which require biofuels percentage increases to occur as in-state production of biodiesel and ethanol reach certain levels.

All retail diesel fuel sold must contain:

- 2 percent biodiesel once in-state production reaches 40 MMgy
- 5 percent biodiesel once in-state production reaches 100 MMgy
- 10 percent biodiesel once in-state production reaches 200 MMgy
- 20 percent biodiesel once in-state production reaches 400 MMgy

Budget Address Feb. 3; Appropriations Committee Meetings Scheduled

Staring at least a \$2.3 billion deficit in the face, the General Assembly and Governor Rendell will begin the annual public budget process at noon on February 3 when the Governor gives his annual budget address. Given continuing slow revenues, it appears absolutely unlikely that a budget agreement will be reached by the Constitutional deadline of June 30.

Some observers and legislators have gone so far as to suggest a final agreement may not come until fall.

While the Governor lays the framework for the budget during his address, it is up to the legislature to form the most fiscally responsible budget possible. As such, following the annual address, the House and Senate Appropriations Committees will hold a series of Budget Hearings where they will question the heads of various state agencies to better understand the needs of those agencies and what funding levels will be appropriate for this year's budget.

Of particular interest to AER readers, the following House Appropriations Committee has scheduled the following hearings. All hearings are held in room 140 Main Capitol. Recaps of the hearings will be available in future editions of ERG's Alternative Energy Report (AER):

- Department of Community and Economic Development, Feb. 18 at 10 am
- Department of Environmental Protection, Feb. 24 at 9 am
- Department of Agriculture, Feb. 24 at 11 am
- Public Utility Commission, Feb. 25 at 1 pm

The House Consumer Affairs Committee has scheduled an informational meeting on February 12 at 9:15 am regarding the Public Utility Commission. Although a meeting

agenda is not yet available, ERG has been told that the committee intends to hear from PUC Commissioner Chairman James Cawley regarding the implementation of House Bill 2200, the energy efficiency bill passed last summer.

Ben Franklin Technology Partners Offers Grants for Alternative, Clean Energy Technology

Ben Franklin Technology Partners has announced new funding for alternative and clean energy technology. Awards of up to \$55,000 are available through a \$250,000 grant provided by the United States Small Business Administration. Pennsylvania technology companies with fewer than 500 employees are eligible, according to a news release.

The investments will support the costs of research, including technical/laboratory work, market research and analysis of commercialization.

Projects focusing on Alternative Energy Portfolio Standards Tier I energy sources -- such as solar, wind and hydro-power, will receive priority. Letters of intent are due March 13, and full proposals are due April 10.

For more information on requirements, visit the [Ben Franklin Technology Partners](http://BenFranklinTechnologyPartners.org) Web site or contact Terry Singer at tsinger@benfranklin.org.

Task Force to Form Rules for Gas Operations; Legislators Mull Tax on Natural Gas Extraction

Last week a state-industry task force, comprised of DEP and representatives of the natural gas industry, met for the first time, to develop new rules for controlling wastewater pollution from drilling operations and methods to treat wastewater. They also discussed ways to streamline the permitting process.

The Marcellus Shale natural gas deposit has sparked an oil and gas well drilling boom in Pennsylvania, where over 4,100 wells were drilled statewide last year. Hundreds of permits for additional well drilling are under review by DEP.

Heavy use of local resources has generated considerable discussion of the new activity, and the Chairman of the state House Environmental Resources and Energy Committee Camille "Bud" George, has suggested taxing these operations as a revenue source for local infrastructure and as an additional means to help balance the state budget.

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The article below was published in January 2009 edition of Environmental Synopsis, produced by the Joint Legislative Air and Water Pollution Control and Conservation Committee (JCC).

Regulating Carbon Has Little Impact on Total Transportation Emissions

By Craig D. Brooks, Executive Director, JCC

Federal policies that could put a price on carbon dioxide emissions to help curb global warming would have only a modest impact on emissions from the transportation sector, according to the Congressional Budget Office (CBO). Emissions reductions from vehicles would provide only about a five percent contribution to total U.S. emissions cuts under future carbon policies, according to the CBO report, "Climate-Change Policy and CO2 Emissions from Passenger Vehicles".

According to the CBO, policies to curb emissions, which could be instituted either through an emissions trading program or a carbon tax, would probably encourage deeper emissions reductions from sources where cuts would be more cost effective, such as power plants.

A cap-and-trade program or carbon tax would raise the price of gasoline, with the intent of encouraging customers to drive less and to buy vehicles that are more fuel efficient. But the effects on the price of gasoline and on consumer behavior would be modest

under most policy proposals, the report says.

For example, the CBO found that a rise in gasoline prices from \$1.50 to over \$3.00 a gallon between 2003 and 2007 caused only a small decline in the amount of driving, a slight reduction in vehicle speeds on congested freeways, a moderate increase in the purchase of vehicles relative to light trucks, and a somewhat better than average fuel economy for new cars and light trucks.

Furthermore, the report suggests that imposing a price on CO2 emissions is unlikely to cause the passenger vehicle fleet to become more fuel efficient because the corporate average fuel economy (CAFE) standards already call for greater improvements in fuel economy than a CO2 price would achieve. The CAFE standards will result in the reduction of CO2 regardless of how the CO2 is priced. In 2007, Congress boosted the vehicle efficiency standards to require light trucks and automobiles to achieve a fleetwide standard of 35 miles per gallon by 2020, roughly 10 miles per gallon higher than the fleet average today. The report suggests that the more stringent CAFE standards will help drive down emissions and improve fuel economy more than setting a carbon price.

As gasoline prices hovered around \$4.00 a gallon by May 2008, the CBO updated and expanded its analysis. However, according to the CBO, the results were nearly identical. According to the report, drivers reacted by reducing the number of miles driven, but only slightly. Motorists drove 2.8 percent fewer miles in the first half of 2008 compared with the first half of 2007.

Over time, the CBO estimates CO2 emissions would decline by about 2.5 percent – with all else being equal – still much less than from other sources given that the average reduction in emissions is about 10 percent.

In the short run, total gasoline consumption would remain essentially the same. Consumption might be reduced over time because consumers took the increase in the price of gasoline into consideration when replacing existing vehicles and revisited decisions about where to live and work.

Click [here](#) to view the CBO report, “Climate-Change Policy and CO2 Emissions from Passenger Vehicles”.

The Joint Legislative Air and Water Pollution Control and Conservation Committee is a legislative service agency of the Pennsylvania General Assembly, established in 1968. The committee is bipartisan and consists of 18 members of the state House and Senate. It conducts studies, holds hearings and makes recommendations to the General Assembly on a variety of environmental issues.

GRANTS

Small Business Energy Efficiency Grant Program Now Open

DEP recently announced the opening of the new Small Business Energy Efficiency Grant Program, which provides a 25 percent match, up to \$25,000, for equipment or processes that significantly improve energy efficiency. The program is the first available through the Alternative Energy Investment Fund.

Grants will apply to energy efficiency improvements on systems such as lighting, heating, cooling, refrigeration and process machinery, as well as building insulation and weatherization improvement projects.

An eligible applicant must be an independent, for-profit business with 100 employees or fewer, located in Pennsylvania. The project must save at least 20 percent annually in energy-related expenses, with a minimum savings of \$1,000 per year. Examples of eligible small businesses include manufacturers, retailers, service providers, mining businesses and agricultural operations.

The grant application and guidelines are available online at www.depweb.state.pa.us, keyword: Small Business Energy Efficiency Grant

EVENTS

Chester and Delaware County Legislators to Host Energy Expo

ERG has been invited to participate at an Energy Expo hosted by Sen. Dominic Pileggi and Rep. Stephen Barrar of Chester and Delaware counties. The expo will take place on Thursday, Feb. 26, from 7 p.m. to 9 p.m. at the Aston Community Center, located at 257 Concord Road in Aston.

The event will feature agencies, organizations and businesses that will discuss reducing peak-time energy consumption, home weatherization, smart meters, solar power, geothermal power, and other ways to cut energy consumption and energy costs. Additionally, representatives from the state will be on hand to talk about the Keystone Home Energy Loan Program (HELP). This program helps Pennsylvania homeowners improve the energy efficiency of their homes by providing loans of up to \$35,000 for home energy improvements.

For more information about the event, contact Barrar's office at (610) 485-7606 or Pileggi's Glen Mills office at (610) 358-5183.

[Building Green Seminar Series: Assessing Your Energy Use](#), Feb. 19, Bloomsburg

As part of SEDA-COG's Building Green Seminar series, will feature energy assessment tips from Liam Goble, Envinity; Megan Epler, SEDA-COG's Energy Resource Center; and Ralph Stewart, Borough of Bellefonte.

This seminar will be held in conjunction with the opening of the Central Susquehanna Builders Association's 22nd Annual Home Show, opening at 5pm on Thursday and lasting through the weekend. The CSBA home show this year will feature green products and technologies. Free admission to the home show will be included with attendance at this seminar.

[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.

[International Biomass Exposition](#), April 28-30, Portland, Oregon

[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

[Lawyer: First LEED-Related Lawsuit In U.S. Tip Of Iceberg](#)



[Pennsylvania proceeds with conservation, energy efficiency plans](#)

[Pennsylvania kicks off outreach campaign on energy efficiency](#)

[State coalition formed to support nuclear energy](#)

[Colleges convert cooking oil into biodiesel](#)

[HACC gets money to install solar panels](#)

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