



Alternative Energy Report

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3

Bush Calls for Clear Skies, Healthy Forests, Comprehensive Energy Plan

In his “State of the Union” address on Tuesday night, President Bush highlighted energy and the environment as major goals for the coming year.

In addition to actions to help the US economy recover, and actions to support small business, Bush called for a program that promotes energy independence while improving the environment. He said that his comprehensive energy plan would promote energy efficiency and conservation, develop cleaner technology and produce more energy at home.

Bush called for a 70 percent cut in air pollution from power plants over the next 15 years, protection for American forests, and a \$1.2 billion research program to develop clean hydrogen-powered automobiles.

Click [here](#) to view a transcript of the energy section of the President’s speech. You can also access the transcript via [ERG’s website](#), under Policy – Federal Issues.

Presidential Field Narrowed – Candidates Debate Energy Policies and Global Warming

This week, the Republican and Democratic fields seeking the presidential nominations of their respective parties were cut as Sen. John Edwards, former mayor Rudy Giuliani and Sen. Fred Thompson ended their campaigns, and both parties seemed destined to host two-horse races at least through next Tuesday’s Super Tuesday balloting, when 20 states will vote on their candidates for president.

Unless one candidate surprises and pulls off a lopsided victory in these states next week, it appears that the nomination process may become a long, drawn-out battle. In recent weeks, major candidates have appeared in debates – the Democrats in Nevada, January 15, and the Republicans at the Ronald Reagan Presidential Library Jan. 30 – where they discussed their views, policies and support for various energy initiatives. Democratic candidates Barack Obama and Hillary Clinton had a debate January 31 in Los Angeles, but surprisingly, the ONLY mention of energy came when Sen. Obama said as a state legislator, he was involved with policy for alternative energy.

ERG has acquired transcripts of those debates, and has made the energy-related segments of the debates available on its website.

Click [here](#) to view the debate transcripts. You can also access the transcript via [ERG’s website](#), under Policy – Federal Issues.

State of Inertia Continues on Energy Proposals

As Governor Rendell’s Energy Independence Strategy celebrates its first anniversary today, the General Assembly has not yet come to any agreements in its Special Session on Energy. ERG has learned that talks continue between Senate and House leadership

and staff, but that these talks have not been fruitful to date.

An unfortunate fact is that many companies, whose interest in Pennsylvania was piqued by the proposals, have grown disappointed with the lack of action, and are now actively looking elsewhere. As a result, Pennsylvania is losing an incredible opportunity to attract these companies, their technology, and the resulting economic benefits from their presence in the Commonwealth.

The State Senate passed legislation in December that established standards for a statewide biodiesel incentive program and mandates, and proposed funding for energy conservation, tax credits for development of renewable energy resources, and funding for alternative energy projects. But the House of Representatives has not followed suit.

Until the House moves on its own versions of these bills, no final solution can be reached. The lack of action suggests that the state's energy policy may even be delayed until late spring or summer, and as a result, become hostage to the horse trading and negotiations which surround passage of a state budget each summer.

ERG believes that energy policy and programs to support development of infrastructure, research, and new economic benefits is too important to become part of a compromise which may include property tax reform, education funding, health care reform, and other also significant issues.

Hopefully, the General Assembly will recognize the huge economic impact this program could have on the Commonwealth through jobs, revenues and energy security, and move this legislation independent of other major issues or programs.

Many companies which in the alternative and renewable energy sector began seriously looking at Pennsylvania last year when they heard the state was going to establish an energy development funding and incentive program – several have since told ERG that they will be locating in other states, and many more have put their plans on hold, waiting to see what programs Pennsylvania has to offer in the future. As noted before in this report, Pennsylvania is in competition with 49 other states which all want to benefit from the growing renewable energy economy.

ERG will provide Alternative Energy Reports subscribers with a special update following the Governor's Budget address on Tuesday, February 5. Hopefully, his address will provide some foreshadowing of the Governor's intentions and the future of these energy and infrastructure programs.

Brooks Authors Bill to Offer Tax Credits for Bioenergy Products

This week, Rep. Michele Brooks (R-Lawrence/Mercer/Crawford) unveiled her intent to offer legislation as part of the Energy Special Session that would encourage the planting of switchgrass and other bioenergy crops on reclaimed mine lands through tax credits.

Brooks' proposal would apply to all lands affected by surface mining activities. The bill would authorize DEP to use funds from the \$7 million that was appropriated in 2001 in order to facilitate the implementation of the full-cost bonding program and to provide guarantees to cover stage three reclamation liabilities on areas replanted with switchgrass or other bioenergy crops.

Diesel Idling Bill Out of Committee

This week the Senate Transportation Committee voted Senate Bill 295, sponsored by Senator Pat Browne (R-Lehigh) out of committee. The original bill amended Title 75, adding language stating that a load and unload location owner may not allow a commercial diesel vehicle to idle for more than 30 minutes while waiting to load or unload at a location under the owner's control. Additionally, except as provided, the owner or operator of a commercial diesel vehicle may not allow the vehicle to idle for more than five minutes in any 60-minute period. The bill provides for exceptions to the provisions and for penalties for violations of the provisions.

The Chairman of the Transportation Committee, Senator Madigan, offered an amendment described as a substantive and technical rewrite of the bill including taking it from Title 75 to a free standing act and making it more closely mirror DEP regulations now being considered. The amendment and bill were unanimously adopted

The legislation is similar to regulations currently under review by DEP's Environmental Quality Board (EQB). The EQB plans to hold hearings beginning on February 12 regarding statewide idling reduction regulations that are expected to improve air quality and save millions of gallons of diesel fuel.

Both SB 295 and the EQB rule are 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.

House Consumer Affairs Holds Hearings on Energy Bills

On Jan. 31, the House Consumer Affairs Committee held a public hearing to discuss two energy related bills – House Bill 2200, sponsored by Rep. Camille George (D-Clearfield) and House Bill 2201, sponsored by Rep. Keith McCall (D-Carbon). Both bills were discussed in a press conference in early January that outlined the Democrats' 2008 agenda.

HB 2200 would require the PUC to develop a program to provide for the implementation of cost-effective programs that reduce energy demand and consumption. The bill provides for specifications of the program, selection of a program administrator, powers and duties of the program administrator, PUC review of the program administrator's recommendations, plan goals, measurements and verification, responsibilities of electric distribution companies, recovery of administrative costs, reporting to the General Assembly and definitions.

HB 2201 further provides for standards for restructuring of electric industry by requiring the PUC to ensure that programs are in place to assist low-income customers in managing default service price increases at the expiration of rate caps. The bill also provides for duties of electric distribution companies by requiring utilities to implement consumer education programs, the cost of which utilities would be able to recover, and outlining duties of default service providers. In addition, the bill states customers may have their electricity supplied by microgrids, subject to provisions outlined in the bill.

There were more than 15 companies, energy and consumer oriented groups and representatives from state agencies that either testified at or supplied written testimony for the hearing. The committee has scheduled a meeting February 5 to formally consider the bills.

For transcripts of testimony, please contact ERG at (717) 233-8606 or by email at info@pa-erg.com.

House Majority Leaders Says Energy Still Top Priority

House Majority Leader Bill DeWeese (D-Greene) spoke at the Pennsylvania Press Club on Monday, answering questions about the major issues the House will be addressing this spring. Although he said property tax reform remains the number one issue, followed by open records, a statewide smoking ban, health care reform and education funding, DeWeese said that moving energy legislation is also a top priority.

[MORE...](#)

Wood-Fueled Heating System Offers Big Savings

With the rising costs of fossil fuels, Dillon Floral, a greenhouse located in Bloomsburg, decided to explore the feasibility of utilizing woody residue being generated by local mills and tree service companies as a potential fuel source. The company turned to Penn State's Pennsylvania Technical Assistance Program (PennTAP), a unit of Penn State Outreach, for assistance.

PennTAP was able to provide technical information, feasibility studies and contacts that helped move the company forward. In the end, the company spent \$800,000 for a new wood residue-fueled heating system; the company estimates it will be saving \$150,000 a year in fuel costs, yielding a four-year payback for the new system. Dillon Floral recently held an open house to show off the new system, made by Advanced Recycling Equipment located in St. Marys.

Rendell Takes Climate-Change Fight to Washington

In testimony before a U.S. Senate committee last week, Rendell criticized a recent decision by the U.S. Environmental Protection Agency to block state-level limits on greenhouse-gas emissions from vehicles. Rendell also joined 13 other governors in a letter of protest to EPA Administrator Stephen Johnson.

Pennsylvania has adopted vehicle-emission standards that follow those set by California. That's because California is the only state allowed to set its own standards under federal law. But the California standards still need an EPA waiver, and Johnson recently rejected a portion of the rules that would limit greenhouse-gas emissions.

Ironically, adoption of the California standards has made it impossible for Mercedes to sell its diesel engine automobiles in Pennsylvania, thus reducing the market for biodiesel.

Pennsylvania is supporting a lawsuit California brought against the EPA decision. U.S. Senator Barbara Boxer (D-Cal.) yesterday introduced legislation that would reverse the decision.

EPA Awards Sustainability Design Grants to 5 Pa. College Projects

The U.S. Environmental Protection Agency awarded fifty-eight university teams \$580,000 in People, Prosperity and the Planet (P3) Sustainability Design Competition grants, including grants to five colleges in Pennsylvania.

The Pennsylvania projects include:

- Carnegie Mellon University: replacing petroleum-based styrene with a biosynthesized yeast;
- Drexel University: a reactor design for efficient product of biodiesel from high free fatty acid oils;
- Elizabethtown College: a standalone green community center building hydrogen generation system;
- Pennsylvania State University: use of sustainable sources of feed stocks for biodiesel production; and
- Lehigh University: Phase 2 grant for research into the removal of arsenic from drinking water in remote Indiana Villages;

Since 2004, the People, Prosperity and the Planet (P3) sustainability design competition has encouraged university teams to design and develop projects that: benefit people by providing healthier home and work environments; promote prosperity by developing local economies and creating small businesses, and protect the planet by conserving resources and minimizing pollution.

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.

[President's High Growth Job Training Initiative](#)

Close Date: March 25, 2008

Department of Labor's Employment and Training Administration (ETA) announced a solicitation for grant applications under the President's High Growth Job Training Initiative. Approximately \$10 million in grant money is available "for high-impact regional approaches to meet the workforce challenges of the energy industry and/or address the shortage of construction and skilled trade workers needed to maintain and expand the energy industry infrastructure."

Applicants must demonstrate that their proposed project will be developed and implemented by a strategic regional partnership and focus on regional talent development and training. Average individual grants are anticipated to be between \$500,000 and \$1 million and may be awarded to public, private for-profit, or private non-profit organizations in the oil and natural gas, mining, electric, renewable energy, or nuclear energy sectors.

Proposed training solutions must support participants' long term career growth and result in an industry-recognized certificate, degree, or license.

[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.

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.

NEWS CLIPS

[PPL To Sell Energy Credits](#)

[FAPRI Study: Energy Bill Mandate Boosts Biofuels Demand](#)

[Installed U.S. Wind Power Capacity Surges 45 % in 2007](#)

[Virgin plans first biofuels flight](#)

[Ethanol helps to boost U.S. farmers' bottom line](#)

[G.M. Buys Stake in Ethanol Made From Waste](#)

[Ethanol growth tied to efficient rail terminals](#)

[Biggest challenge for U.S. ethanol is big supply](#)

[GM, Toyota battle turns electric](#)

[Europe may ban imports of some biofuel crops](#)

[First energy-saving traffic lights installed](#)

[Bucknell teach-in focuses on global warming, climate change](#)

[Public debate a good thing for energy plant](#)

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