



Alternative Energy Report

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Energy Bills Get House Action

This week, the state House began moving a series of bills which are critical to eventual agreement on a state energy package.

Special Session House Bill 1, sponsored by Rep. Eugene DePasquale (D-York), was voted out of committee, and amended on the floor of the House, and is now slated for consideration and a final vote when the General Assembly returns March 10.

HB 1 would use the state Gross Receipts Tax to finance bonds that would provide \$600 million to the Energy Development Fund and \$250 million to the Clean Energy Fund under the Commonwealth Financing Authority.

The legislation has had a long ride already, working its way through the House Environmental Resources & Energy, Finance and Appropriations committees. The amendments passed this week add more money for wind power, environmentally friendly buildings and more efficient home heating systems.

Earlier this week, the House passed House Bill 2200 by a 152 to 45 vote. HB 2200 is sponsored by House Energy Resources and Energy Committee Chairman Rep. Camille “Bud” George (D-Clearfield). The 45 no votes were cast by Republican House members.

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. The bill was highlighted as a priority during the Democrat’s 2008 agenda-setting press conference.

In the Senate, Senate Bill 295, sponsored by Senator Patrick Browne (R-Lehigh), designed to provide idling restriction for diesel-powered commercial vehicles unanimously passed the Senate. The bill awaits action by the House Transportation Committee.

Hearing Held on Bill to Extend Rate Caps

The House Environmental Resources and Energy Committee held a hearing on House Bill 54, sponsored by Rep. Camille “Bud” George (D-Clearfield). The bill would extend the rate caps on electricity rates until January 1, 2013 and provides for the implementation of a least-cost portfolio approach at the end of the rate cap period. This portfolio would include an appropriate mix of long-term, short-term and spot market purchases and comply with the requirements of the Alternative Energy Portfolio

Standards Act.

During the hearing, PUC Commissioner Ty Christy testified that the imminent increase to electric costs represents the most serious challenge to Pennsylvania's economy in many years. He suggested that the lower rates that were promised by the 1996 Competition Act have not materialized because the Act ended the regulation of generation sold at retail and the wholesale power market that was supposed to replace regulation is dysfunctional.

Christy explained that under the current regulatory framework, the PUC no longer has the authority to ensure that new power plants are constructed to meet demand and maintain system reliability. He recommended the state start by opening the market in Pennsylvania to allow for the construction of new power plants through legislation giving the PUC the authority to require the utilities to issue competitive solicitations for the construction of needed generating units.

He told the committee that he strongly disagrees with HB 2201's cap of 20% on the amount of power that can be supplied from long-term contracts because there should not be an artificial cap placed on any type of power supply arrangement.

Pa. Treasurer Announces Green Investment Plan

Pennsylvania Treasurer Robin L. Wiessmann this week joined nearly 50 leading U.S. and European institutional investors managing over \$1.75 trillion in assets in releasing a climate change action plan at the United Nations that will boost investments in clean energy and energy efficiency technologies and require tougher scrutiny about carbon-intensive investments that may pose long-term financial risks.

Wiessmann also announced that the state has invested \$15 million in environmentally friendly public companies as the Keystone Green Investment Strategy was unveiled earlier this week.

The fund "seeks superior returns for Commonwealth assets from clean technologies, such as innovative alternative or renewable energy sources, and clean and green technologies that enable companies to reduce their emissions to the environment," the Treasurer's Office said. The investments have been made in the Green Century Balanced Fund and other funds that invest in companies that are environmentally conscious.

The state plans to expand the program by providing up to \$40 million in financing, including \$15 million in Pennsylvania, to privately held companies representing clean technology opportunities.

The office said it will also exercise its influence as an institutional investor to encourage appropriate changes in corporate disclosure and governance practices with regard to environmental issues. The Treasurer's Office said it has exclusive or shared authority over \$120 billion in investments.

Governor Rendell Urges Congress to Consider Pennsylvania's Priorities in Farm Bill

Earlier this week, Governor Edward G. Rendell announced Pennsylvania's latest recommendations to Congress for the Farm Bill, a key piece of federal legislation that will guide agriculture and nutrition programs for the next five years.

In a letter to Pennsylvania's Congressional delegation, Rendell said the state's top Farm Bill priority is support for its initiative to expand the renewable energy industry. Cellulosic ethanol and agricultural renewable energy production can produce 60,000 new jobs in the state, while reducing our dependence on foreign energy sources and negative environmental impacts.

Media Coverage of Science Study Criticized by Clean Energy Advocates

Clean energy advocates have begun shooting back at the mainstream media, calling the media to task for unbalanced coverage of some energy related information. This week, the advocates were quick to cite coverage of a study recently detailed in Science magazine that addresses the possible consequences of a faulty approach to utilizing lands to produce biofuel feedstocks.

Most media coverage of the studies failed to report that the study also identified ways to avoid these problems and insure that future biofuels give us both a new renewable energy source and greatly reduced greenhouse gas emissions.

While environmentally sensitive lands should not be exploited in pursuit of renewable fuels, increased demand for cellulosic ethanol and the next generation of biofuels has led to research into enhancing existing crops, such as corn and soybeans, with enzymes specifically geared towards ethanol production. In addition, the current generation of biofuels is leading to a new stage of cellulosic biofuels development that will not only minimize land use changes, but will actually enhance the environment.

There is a tremendous amount of misinformation regarding renewable energy and it is more important now than ever for the media to be fair and balance instead of purely sensationalist when covering stories regarding the development and use of clean energy.

For [click here](#) to view a full response from 25x'25, an organization that promotes increased use of agriculture and biomass for energy production.

EPA Boosts Renewable Fuel Requirement by 66% for 2008

The U.S. Environmental Protection Agency (EPA) announced last week that it is raising the renewable fuel standard (RFS) for 2008 to comply with the Energy Independence and Security Act, which President Bush signed in December 2007. The RFS applies to refiners, importers, and non-oxygenate blenders of gasoline and sets a minimum percentage of the fuel that must be displaced with renewable fuels, such as ethanol.

The EPA is raising that minimum percentage from 4.66% to 7.76%, a 66% increase, in order to meet the new energy act's requirement to consume 9 billion gallons of renewable fuels in 2008. The requirement will continue to ratchet up each year until it reaches 36 billion gallons in 2022. [Click here](#) to access the RFS Program Web site.

Meanwhile, companies are increasing their efforts to produce ethanol from cellulosic biomass, such as grasses, wood wastes, or agricultural wastes. In October 2007, Abengoa Bioenergy opened a pilot plant in York, Nebraska, that will process nearly 800 tons of biomass each day, producing about 11.6 million gallons per year (mgpy) of ethanol.

Ten States Seek Fraud Protection for Carbon Offset Market

On January 25, California Attorney General Edmund Brown Jr., along with nine other state attorneys general, sent a letter to the Federal Trade Commission recommending tighter guidelines for businesses that sell carbon emission offset credits. These credits represent environmental projects that reduce greenhouse gas (GHG) emissions elsewhere in the environment, allowing businesses to purchase these credits to offset their own emissions. Brown and other attorneys general are requesting that the FTC set a clearer definition of what qualifies as a carbon offset, as well as conduct more thorough research into consumers' understanding of the offset market. "Currently, the market for these offsets is volatile, largely unregulated, and has serious potential for fraud," Brown said.

Banks Set Emissions Standards for Coal Lending

On February 4, three banks announced they would be setting new standards that factor in environmental risks when lending to power companies seeking to build coal-fired power plants. Citigroup, JP Morgan Chase & Co, and Morgan Stanley plan to release "The Carbon Principles," a set of guidelines for advisers and lenders to power plants in the United States. The banks have concluded that some form of emissions cap on greenhouse gases is inevitable in the next few years, and those companies that exceed their emissions allowances will have to purchase additional permits. "What is earth-shakingly different between now and two years ago is the focus on CO₂," said Eric Fornell, vice chairman of JP Morgan's natural-resources banking division.

President's Budget Requests Cut Spending by EPA, DOE

President Bush's proposed 2009 budget calls for a reduction in EPA's spending by \$330 million (a 4.4% cut). The budget request eliminates funding for the Greenhouse Gas Reporting Registry, a \$3.4 million cut, which would limit the government's ability to track global warming pollution. The request also cuts \$7 million (38%) from programs that seek to use science and technology to address global warming.

The President's 2009 budget request for DOE's EE/RE programs is \$1.26 billion (five percent of the DOE budget)—essentially flat with the FY 08 budget request and 27 percent below FY 08 appropriations.

Carol Werner, Executive Director of the Environmental and Energy Study Institute (EESI) said, "The funding priorities reflected in the President's FY 09 budget appear in conflict with the goals of expanding renewable energy development and making the economy more energy efficient."

Senator Barbara Boxer (D-CA), Chairman of the Senate Committee on Environment and Public Works, has also criticized the President's proposed 2009 budget: "The EPA's job is to protect the health of our families, but with this budget the President is once again sending a clear message that cleaning up our environment is not a priority for the Bush Administration."

Climate Change May Spur \$7 Trillion in Clean Energy Investment

A report by Cambridge Energy Research Associates (CERA) concludes that increasing public concerns about climate change – and its potential economic and political security consequences – are driving public policy and private investment to bring clean energy technologies to market. The report, *Crossing the Divide: The Future of Clean*

Energy, finds that cumulative worldwide clean energy investment that could surpass \$7 trillion by 2030.

Among renewable sources, wind power is poised to make the greatest gains, followed by solar power and biofuels, while nuclear and hydroelectric generation will attract almost half of the \$7 trillion, CERA said. The research firm identified a number of new clean energy technologies that show promise. They include geothermal plants, which would generate energy by tapping heat from deep in the earth, ocean generation plants, which would use wave or tidal power to generate electricity, and concentrating solar power, where the sun's rays are focused to create steam-powered electricity.

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

[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.

[4th National 25x'25 Renewable Energy Summit](#), March 11-13, Omaha, Nebraska

The summit, "Bringing the Vision to Life: Win-Win Solutions for America's Energy Future," will kick off the next stage in co-operative efforts among state alliance leaders and other renewable energy champions in 2008 to bring the 25x'25 vision to life.

[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.

[Renewable Portfolio Standards Symposium](#), March 26-27, Washington, D.C.

Renewable Portfolio Standards have rapidly developed momentum in certain sections of the U.S. and throughout the world. This conference features prominent utilities and policy decision-makers active in the RPS arena.

[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.

[10th Small Fuel Cells Conference](#), April 30-May 2, Atlanta, GA.

The U.S. Department of Energy will discuss how portable fuel cells offer the earliest market opportunities, in addition to citing the ready market for small fuel cells and their less stringent technical requirements.

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

[BioEnergy International LLC Closes Financing for Bionol Clearfield Biorefinery, Speeds Pennsylvania's 1st Ethanol Plant](#)

[Column: Going green is going to cost a lot of green](#)

[Woody biomass heating system unveiled to public at Elk Regional Health Center](#)

[Energy plant to brief vendors at convention center meeting](#)

[Gamesa: Watersheds not at risk](#)

[Gas-Additive Shortage Will Boost Prices](#)

[Truck idling restrictions would give some relief from pollution](#)

[Tioga County planners work on 'problem resolution'; citizens group awaits judge's decision about appeal](#)

[POGAM feels U.S. Forest Service targeting oil and gas industry in proposed forest plan](#)

[Price runup speaks to need for conservation](#)

[State budget proposal recycles energy program that failed last year](#)

[DEP secretary promotes energy proposal](#)

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