



Alternative Energy Report

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Gov. Rendell Helps Launch \$270 Million Ethanol Project in Clearfield

The day after Lancaster County Biofuels was granted its permit, Gov. Edward Rendell celebrated the groundbreaking of construction of the BioEnergy International LLC's ethanol plant in Clearfield. When finished, the plant will be the first producing ethanol facility in the Commonwealth.

"This is the future of energy in Pennsylvania," Gov. Rendell said. "And the future is unfolding here in Clearfield County." The \$270 million ethanol plant will be one of the largest ethanol plants east of the Mississippi River and one of the ten largest ethanol plants in the nation.

With oil now costing more than \$110 per barrel, Gov. Rendell noted that the price of oil makes development of the biofuels industry in the state even more important. The state committed \$17.5 million in grants, tax credits and loans for BioEnergy to construct the ethanol plant in Pennsylvania.

The plant will have a 108 million gallon per year capacity for corn based ethanol, and another 15 million gallons from a pilot cellulosic ethanol plant. The cellulosic plant will use wood pulp, switch grass and agricultural residue as feedstock to make ethanol.

Stephen Gatto, chairman and chief executive officer of BioEnergy International, said the state's investment of \$17.5 million in the facility resulted in the company investing \$248 million in Pennsylvania. He noted that BioEnergy has a five-year contract to sell all of the plant's ethanol production to Getty Petroleum.

Jaques Beaudry-Losique, director of the U.S. Department of Energy Biomass program, said ethanol is a good, clean source of energy and said to those who are waiting around for the "perfect" energy source, "Don't let the perfect be the enemy to the good."

Governor's Message to Legislature: "We need infrastructure investment now."

Pushing his "Protecting Our Progress" agenda, which promotes creating jobs, producing homegrown energy and rebuilding a crumbling infrastructure, the Governor held a press conference this week urging the legislature to enact parts of his Rebuilding Pennsylvania plan prior to finalizing the budget in June.

The Governor said that he sent a letter to all legislators on Wednesday urging quick passage of a \$240 million supplemental debt authorization. His program of borrowing would enable state officials to fast-track repairs on some of the state's 6,000 bridges classified as structurally deficient, along with fixing ailing highways, repairing state-owned, high-hazard dams and beginning flood mitigation projects.

Complete funding of all infrastructure repairs from bridges to highways to sewer systems would cost over \$80 billion. The state is not in a position to fix everything at once, but in order to start repairing infrastructure and spurring economic growth, Rendell has set forth these agenda items:

- Creating an \$850 million "energy independence" program aimed at increasing the production of corn- and cellulose-based biofuels to lessen the state's dependence on foreign oil;
- Enacting a \$500 million Jonas Salk Legacy Fund, which would shift the use of some of the money the state gets each year from tobacco companies to build new medical research facilities;
- Extending tax credits to companies that create new jobs;
- Providing another \$100 million for turning old industrial brownfields into usable sites;
- Increasing state investments in what Rendell called "our outdated aviation and rail freight facilities."

Rendell's plan will most likely face opposition from many Republicans who do not believe that borrowing and big state spending is in the best interest of the citizens of Pennsylvania in the long-term. But, he countered that there is no time like the present to borrow money since interest rates are very low.

Some legislators have said that they want to wait until the budget process begins in mid-June before acting on the proposed bond issue. However, Rendell wants action sooner. While he did not set a deadline for when the new bond issue should be approved, he did say it should be done well before budget discussions begin in earnest.

PEDA Board approves Energy Development Plan

The Pennsylvania Energy Development Authority (PEDA) met this week and approved a revised Pennsylvania Energy Development Plan. PEDA is a public corporation which awards grants, loans and loan guarantees, issues revenue bonds and notes, and enters into contracts to help finance worthwhile energy related projects in the Commonwealth. In 2008, the Authority is expected to have \$11 million in Growing Greener II funds, and an additional \$1.8 million in funds from a settlement with Duquesne Light for distribution in support of energy related projects.

The Board identified six overarching policy objectives for the Authority: enhancement of energy security and diversity; promotion of cleaner more environmentally beneficial energy production; increased economic growth for the lean energy sector with greater utilization of indigenous energy resources; furtherance of technological innovation in critical areas; promotion of energy conservation and energy efficiency; and the need for increased public confidence in and support of clean energy technologies.

During the meeting, the Board approved changes to the 2008 applications and criteria for evaluating proposed projects. Along with the Alternative Fuels Investment Grant program and the Energy Harvest program, applications for the 2008 round of PEDA funding will become available in the near future. ERG will provide more information on these programs as they are announced.

Lancaster Biofuels Gets Permit for \$120 Million Ethanol Plant

Lancaster Biofuels, which plans to build and operate a \$120 million ethanol plant in Conoy Township, Lancaster County has been given a conditional use permit by the township supervisors. The township officials voted 3-2 to grant the permit in a 73-page decision which includes 77 conditions, after five months of hearings and much vocal opposition from local residents.

When completed, the plant will produce 60 million gallons of ethanol at a 65 acre site

along the Susquehanna River adjacent to the county incinerator. The Lancaster County Solid Waste Management Authority will be selling steam to the plant for its operations.

Opponents, who had successfully challenged Penn Mar Ethanol in 2005, as Penn-Mar sought similar permitting in the township, have said they may file a court challenge to the decision. The Township Planning Commission had recommended that the supervisors consider dozens of issues prior to any formal action on the conditional use permit.

Seth Obetz, Lancaster Biofuels president, said ground could be broken next year on the plant and that production could begin as early as 2010, making the company Pennsylvania's second ethanol production facility. Earlier this month, Governor Rendell participated in ground breaking for a \$265 million corn and cellulosic ethanol facility in Clearfield County. (See story above)

The 77 conditions cover issues ranging from odor, emissions, lighting, building heights, fencing, groundwater, traffic, noise, tax payments and other issues. They were developed by suggestions from Lancaster Biofuels, the public, township and county planners, and consultants hired by the township.

Obetz said plans now are to produce ethanol primarily from corn with the capability to switch to cellulosic ethanol if economics justify the change, noting that ethanol from barley was also an option.

State Lawmakers May Try to Freeze Electric Rates an Additional Two Years

Some residents of the Altoona area still pay 1986 electric rates, and with electric rate caps poised to expire between 2009 and 2010, residents of Altoona as well as many other areas of the state can expect some sticker shock. However, some state legislators aim to extend the rate cap expiration date by two years, which lawmakers and company representatives discussed recently during a public hearing in Altoona.

In 1996, Pennsylvania deregulated electricity generation, meaning utilities no longer provided and distributed service. Power plants were sold to outside operators in a move meant to generate electricity more efficiently and create more consumer choice. Rate caps were put in place to enable the transition to a competitive marketplace.

House Environmental Resources and Energy Committee chairman Camille "Bud" George (D-Clearfield) is a prime sponsor of the extension bill. During the press conference, he said "the legislature should prevent soaring rate hikes before they occur, not after."

Last week, the House Republican Policy Committee held a hearing with several electric company representatives to discuss the rate cap extension and get their views and company bottom lines. The companies overwhelmingly said that George's bill delays the inevitable, and they would instead prefer to see a rate phase-in to encourage electricity conservation or a ramp-up plan, which would allow customers to pre-pay before the rate caps expire.

TIRES AS FUEL - Brownfields to Greenfields

Turning tires into fuel cannot only produce electricity, but it also benefits the environment, according to a presentation by Dan Traynor, Environmental Manager of the Northampton Generating Company, LP (NGC) at a recent Joint Legislative

Conservation Committee Environmental Issues Forum.

The forum discussed the newly permitted use of tire derived fuel, or TDF. NGC is one of four TDF facilities currently operating in Pennsylvania. The company, located in Northampton, PA, generates 112 MW of electricity to the Metropolitan Edison Company, enough to power approximately 110,000 homes. The plant is fueled by waste coal and TDF, using an advanced circulating fluidized bed (CFB) technology, which is known for its fuel flexibility. Their process significantly reduces Sox, NOx and captures 99.9% of particulates.

NGC said that one scrap tire is generated per person per year in the US. Twelve million scrap tires are generated each year in Pennsylvania alone, not to mention the millions of existing scrap tires already in piles across the state which are often breeding grounds for mosquitoes and pose other health and environmental concerns. Last year NGC used about 11,000 tons of tires, and plans to use five million tires in 2008. The plant is permitted to use 23 tons per hour.

The operation is conducted inside buildings so that dust is contained and the leftover products, such as coal ash, are used to reclaim mine lands. To date, NGC has reclaimed over 234 acres of land at no cost to taxpayers, which is a significant savings for the commonwealth.

Nation's 4th Largest Solar Power Facility to be Built in Bucks County

Last week, a ground breaking ceremony was held to commemorate what will be the largest solar array east of Arizona, and among the four largest in the country. The \$20 million Exelon-EPURON Solar Center will feature 16,500 solar panels on a 16.5-acre tract of land adjacent to Waste Management's GROWS Landfill.

It is anticipated that the facility will be up and running in the fall of this year. Rendell was on hand for the event and said, "This project embodies the commitment we've made to renewable energy in the commonwealth."

Through the state's Alternative Energy Portfolio Standards, which requires that 18 percent of all energy generated in the state come from alternative and renewable sources by 2021, including 0.5 percent from solar, more renewable energy production must take place to meet the standards. The state's hope is that these standards will continue to attract more energy companies to Pennsylvania and help to spur economic growth.

Upon completion, the solar plant will annually produce approximately 3,700 megawatt hours of power, which is enough to meet the energy requirements of approximately 400 homes. At this output, emission levels of carbon dioxide and sulfur dioxide that directly contribute to pollution and acid rain will be reduced by the equivalent of planting 33 acres of trees every year or taking more than 440 cars off the road each year.

Ethanol Helps to Hold Down Gas Prices

The availability of ethanol is currently reducing the cost of gasoline by between 6 and 9 cents per gallon, according to data collected by the American Coalition for ethanol (ACE).

Blending ethanol adds more than two million gallons of fuel a day to the nation's fuel

supply and is helping to keep the price of gasoline from rising as quickly as it otherwise would be.

In fact, according to recent price reports by the Oil Price Information Service, ethanol for blending is selling for as much as 10 to 35 cents lower than gasoline, depending on the market. Factoring in the blender's tax credit, this means that the wholesale cost of E10 is between 6 and 9 cents less per gallon than gasoline.

According to this week's AAA fuel price report, the national average price of diesel reached \$4.029 a gallon, while the national average price of gasoline remains at \$3.26 for regular and \$3.587 for premium.

The U.S. now has the capacity to produce 7.9 billion gallons of ethanol on an annual basis. More than half of the nation's gasoline contains some percentage of ethanol, most as E10, the 10 percent ethanol blend approved for use in all makes and models of vehicles.

Ethanol Rezoning Decision Stands

There was yet another setback recently for a proposed ethanol plant in Mayfield when the borough council voted 6-1 to override mayor Alexander Chelik's veto of a previous council zoning decision affecting a 38-acre parcel eyed for the facility.

The parcel's zoning status has switched from residential to industrial and then back to residential in the course of the past year, potentially thwarting a developer's plan to build an ethanol plant on the site.

Included in the mayor's 11-page veto were concerns that by denying the rezoning to allow industrial development, the town was going back on goals set forth in the Lackawanna Valley Corridor Plan of 1996, which recommends significant industrial development.

A development plan was submitted by the developer, Northeast Ethanol CEO Richard Scheller. Northeast Ethanol can appeal the council's decision.

FEDERAL NEWS

ERG Supports Renewable Energy Production Tax Credits

PA Energy Resources Group is supporting efforts to encourage Congress to pass a long-term extension of federal renewable energy Production Tax Credits (PTCs), energy efficiency credits, and clean energy bonds.

Last month the U.S. House of Representatives passed the Renewable Energy and Energy Conservation Tax Act of 2008 (H.R. 5351). Among other actions, the measure extends PTCs for wind, hydropower, and solar industries, as well as extends the investment tax credits for solar energy property. It also creates a new cellulosic fuel producer tax credit of 50 cents per gallon. The Senate incorporated placeholders for these provisions in its 2009 Budget Resolution, but has not taken action on actual legislation in the 2008 session.

In a letter to the state's US Senators on behalf of ERG John Nikoloff said, "These critically important incentives have expired or will expire at the end of this year and must be extended. They play a vital role in reducing global warming pollution, creating new high-wage American jobs, spurring economic growth, promoting

consumer education in energy efficiency and saving businesses and consumers money on their energy bills."

ERG urged extension of the renewable energy production tax credit, clean renewable energy bonds, efficient commercial buildings tax deduction, investment tax credit for solar electric and fuel cell systems, tax credit for energy efficiency upgrades to existing homes, tax credits for the production of efficient home appliances, and tax credit for construction of efficient new homes.

It is essential for the development of clean technology industries that extensions of the efficiency and renewable energy tax incentives remain effective for multiple years. Congress has historically extended the clean energy incentives in one or two-year increments which creates a boom-bust cycle for the technologies covered by the incentives, undermining development of clean energy technologies into mature industries.

Nikoloff said, "According to a recent study by Navigant Consulting, failure to promptly extend renewable energy tax incentives places at risk 116,000 jobs in the wind and solar industries and more than \$19 billion in clean energy investment."

"At both federal and state levels, clean energy tax credits and incentives have a proven track record of spurring growth in the renewable energy sector and of significantly contributing to job creation," he noted.

Energy Resources Group is working with the 25 x '25 Alliance and other groups to support the extension of these long-term renewable energy Production Tax Credits.

DOE to Invest Up to \$13.7 Million in 11 Solar Cell Projects

DOE announced last week that it will invest up to \$13.7 million over the next three years in 11 projects run by 9 universities, including Pennsylvania State University, which will develop advanced solar photovoltaic (PV) manufacturing processes and products. With a minimum university and industry cost share, up to \$17.4 million will be invested in these projects. The universities will work with an industry partner that will help transition the discoveries to the marketplace. All of the projects will involve researching ways to make high-performance solar cells more effective by using different metals, alloys, and cell designs.

GRANTS

Community Wind Project is Open for Applications

Saint Francis University Renewable Energy Center is excited to announce that applications are being accepted for its Community Wind Project. With this project you have the possibility of having a meteorological tower installed on your property to assess your wind resource.

"Community wind" is a new kind of wind development featuring large-scale wind power typically owned by private or public entities for on-site usage or sale to the grid. Most importantly, community wind is about local ownership, which maximizes benefits to the local community. Community wind keeps energy investment dollars local, creates jobs, catalyzes new industry, and increases public acceptance of wind energy and other renewable energy projects.

Since 2005, the Community Wind Project has received over 450 applications from 40 counties across the state and has assessed the wind resource on 8 sites in four counties. The Project now seeks additional entities interested in local ownership of large-scale wind power.

If you would like to receive an application and you are a private or public entity and meet the following requirements listed below please contact the Renewable Energy Center at 814-472-2872 or at renewable@francis.edu.

Requirements for Eligible Applicants:

- Public and private entities owning land in Pennsylvania (e.g. municipalities, schools, municipal utilities, farmer cooperatives, private businesses, etc.).
- Sites to be surveyed should have an approximate elevation of at least 2,000 ft and are ideally clear, open areas so that land disturbance and impacts on forests are minimized.
- There must be an appointed Contact Person with whom REC can communicate and who will be present at the site visit should one be warranted.

The Community Wind Project is funded by the Department of Environmental Protection, MetEd/Penelec Sustainable Energy Fund, US DOE, and the Heinz Endowments.

[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

[7th Annual Wall Street Green Trading Summit](#), April 2-3, New York

This event covers carbon emissions trading and finance, renewable energy markets, cleantech VC, green hedge funds and energy efficiency financial markets.

[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 Solar Energy Conference](#), May 2-8, San Diego, CA

Solar 2008 is the premier technical conference for solar energy and energy efficiency professionals.

[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.

[Energy from Biomass and Waste](#), October 14-16, Pittsburgh, PA.
Energy from biomass and waste can make a significant contribution to oil-independence and climate protection. The technology opens up new earning potentials and markets for the waste management and power generation industry as well as for the agriculture sector

NEWS CLIPS

[New Zealand report touts biomass for energy needs](#)

[Brazil flex-fuel cars help tame gasoline prices](#)

[Glaciers suffer record shrinkage](#)

[Green Jobs Conference Energizes Green Economy](#)

[US told to go green on carbon emissions or lose EU flights](#)

[Rising fuel costs rock truckers; down the road, options needed](#)

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