



## Alternative Energy Report

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### **California Air Resources Board sets Controversial Low Carbon Fuel Standard. Northeast States and PA to follow?**

With much fanfare, the California Air Resources Board (CARB) finalized its Low Carbon Fuel Standard (LCFS), which is designed to reduce the carbon intensity of California's passenger vehicle fuels by at least 10 percent by 2020. The LCFS is the world's first global warming standard for transportation fuels, and will require fuel providers in California to ensure that the mix of fuel they sell into the California market meet a declining standard for GHG.

On January 5, Pennsylvania joined the ten Mid Atlantic and Northeast States in seeking to develop a similar Low Carbon Fuel Standards in the region. ERG has talked with state and regional officials and learned that the Northeast States hope to draft a plan by the time they establish a MOU in late 2009. They have told ERG that they are "trying to be consistent with the system recently announced in California," which has come under public fire.

The US House's Waxman-Markey draft proposal would incorporate a LCFS into federal policy, an issue which is already generating opposition among Congressional rank and file.

Lack of a consistent policy for planning purposes could create havoc in the state's refining, blending and distribution industries and markets, which are already facing unfunded mandates that require major capital expenditures to meet the needs of state and federal mandates for biofuels.

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### **Ag Department Sets Hearings on Biodiesel Infrastructure**

The Pennsylvania Department of Agriculture has scheduled three hearings during the week of May 18 to assess the capabilities of Pennsylvania's motor fuels storage and distribution system to provide sufficient infrastructure for distribution of B2 blends of biodiesel statewide. The hearings are required under Act 78 of 2008, which created provisions for a statewide biodiesel mandate when annualized production of Pennsylvania biodiesel reached 40 million gallons per year.

Governor Rendell announced in January that state production had reached that benchmark in September of 2008, setting the stage for biodiesel blends to be offered for sale beginning as early as January 1, 2010.

The hearings will be held from 1-4 p.m. on May 18, at the Southwest Commission Building in Pittsburgh, May 20 at State College High School in State College, and May 22 at the Whitehall School in Whitehall. Anyone who wishes to provide testimony at the public hearings should submit written testimony no later than one week prior to the hearing. Each person providing testimony will have five minutes for oral testimony. Individuals wishing to testify should schedule a time to testify by contacting Michael Rader at (717) 787-9089 or [ag-biofuels@state.pa.us](mailto:ag-biofuels@state.pa.us) no later than one week prior to the hearing they plan to attend.

Under the legislation, all biodiesel sold in Pennsylvania must meet or exceed ASTM D-6751 standards, and with the inception of the sales mandate, all diesel fuel sold for transportation fuel must be a two percent biodiesel blend. The mandate cannot begin until at least six months after the Department of Agriculture certifies that sufficient

infrastructure exists to deliver B2 blends to all retail outlets in the Commonwealth. More information is available by calling ERG at (717) 233-8606 or by email at [info@pa-erg.com](mailto:info@pa-erg.com).

### **House Committee Begins Debate on Climate Bill**

Earlier this month the US House Energy and Commerce Committee began hearings to debate a bill that would cap greenhouse gas emissions at 20 percent below 2005 levels by 2020 and at 83 percent by 2050. The Waxman-Markey draft proposal provides for a cap and trade program and includes measures such as efficiency standards, a national renewable electricity standard and a low-carbon fuel standard.

Coinciding with Earth Day, four days of hearings and over 50 presenters plead their cases before lawmakers on the pros, cons and costs of placing a national cap on carbon-based emissions. The hearings underscored the uncertain fate facing the bill, which proposes ambitious cuts in greenhouse gases over the next four decades.

A group of Democrats on the House Energy and Commerce Committee said Thursday that they want alterations to climate-change legislation to benefit the coal, oil and gas industries. Their recommendations include slowing the pace of cuts in greenhouse-gas emissions and distributing some free emission credits that large polluters may otherwise have to acquire under a proposed cap-and-trade system. At least nine of the 36 committee Democrats, led by Rep. Rick Boucher of Virginia, are seeking changes in the legislation, said Rep. Charles Gonzalez (D, San Antonio). If all 23 Republicans on the committee oppose the measure, Waxman would need the votes of all 30 Committee Democrats to move the bill.

The legislation would mandate cutting greenhouse gas emissions 20 percent from 2005 levels by 2020, well beyond the proposals of even the Obama Administration. The federal renewable energy standard would require the nation to meet 25 percent of its energy needs through wind, solar and other renewable by 2025.

Waxman told members of the committee that "the pace is going to accelerate" during the next four weeks to get an energy and climate change bill passed by the committee by the end of May, in order to get the bill to the full chamber for a vote by summer. But House Speaker Nancy Pelosi (D-Calif.) raised the possibility this week that the final version of climate legislation would not be ready a year from now, a day after vowing that the House would pass legislation "this year."

Pelosi's remarks reflected the fact that many Congressmen and Senators, including dozens of Democrats, have reservations about provisions in the bill.

### **DEP Seeks Comment on New Grant Program to Reduce Energy Costs**

The state will begin accepting comments on a new grant program made possible through the American Recovery and Reinvestment Act aimed at helping local governments and non-profit entities make shovel-ready, energy efficient or conservation projects a reality.

A result of the American Recovery and Reinvestment Act, more than \$23 million will be available to local governments and non-profit entities in Pennsylvania through the new Energy Efficiency and Conservation Block Grant program to reduce energy costs and promote conservation.

Guidelines for the grant program are available for public review and comment at [www.recovery.pa.gov](http://www.recovery.pa.gov) under the heading "Where is your money going?" and then by clicking on "Energy Independence."

Comments will be accepted until Friday, May 15, and should be sent to [epecbgcomments@state.pa.us](mailto:epecbgcomments@state.pa.us). Following the review of public comments and recommendations, the department anticipates accepting new applications for the program beginning Monday, June 15.

### **PUC Initiates Investigation to Ensure State's Compliance with Federal Stimulus**

## **Act Eligibility**

The Public Utility Commission (PUC) recently initiated an investigation into future Commission action needed to ensure the state's compliance with and eligibility for specific energy-related funding from the American Recovery and Reinvestment Act of 2009.

In compliance with the Recovery Act, and at the request of Governor Rendell, the PUC will establish a comment and reply comment period for interested parties to provide recommendations for future Commission action through appropriate orders, policy statements, or regulations that will ensure compliance with the Recovery Act so that Pennsylvania consumers and businesses can optimally avail themselves of the opportunities provided by energy efficiency and renewable energy while the financial health of Pennsylvania's public utilities is maintained.

The Commission voted 5-0 to begin the investigation and institute a public comment period for recommendations on future Commission action that will ensure the state's compliance with the Recovery Act.

The Recovery Act included, among other things, \$3.1 billion in grants under the Federal State Energy Program, which are contingent upon the states having general ratemaking policies which ensure that "utility financial incentives are aligned with helping their customers use energy more efficiently and that provide timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently."

The Commission also will evaluate the affect of proposed federal legislation that calls for utilities to reduce the amount of energy sold. The Commission indicated it will take a closer look at the American Clean Energy and Security Act of 2009 and the effect it would have on electric and natural gas utilities' business models.

## **EPA Seeks Comments on Ethanol Blend Rate Request**

Earlier this month the Environmental Protection Agency (EPA) announced it is seeking public comment regarding a request from ethanol producers for a waiver under section 211(f)(4) of the Clean Air Act to permit ethanol blends with gasoline of up to 15 percent (E15) by volume. The current blend rate is set at about 10 percent. The public comment period will be open for 30 days. By law, the EPA must make a decision by December 1, 2009.

Over 50 ethanol producers submitted the application to increase the blend rate on March 6, 2009. Ethanol proponents argue that increasing the blend rate is needed to keep pace with the renewable fuel mandates under the 2007 Energy Independence and Security Act and to assure continued investment in bringing next generation biofuels to market. The law requires 11.1 billion gallons of renewable fuel (mainly ethanol) to be blended in 2009, 12.95 billion in 2010, 13.95 billion in 2011, rising steadily to 36 billion gallons by 2022.

With reduced liquid fuel demand due to the recession, ethanol producers are concerned that the market will soon reach a blend wall at the 10 percent blend rate, a point at which the liquid fuel market is saturated below the mandated ethanol production level. Many environmental and consumer groups and small engine and car manufacturers are concerned that the increased blend rate might damage pollution control equipment, reduce air quality, and undermine vehicle and equipment performance and warranties. The EPA and Department of Energy are currently testing the effects of higher blend rates on engine performance and emissions.

For more information, go to <http://www.epa.gov/otaq/additive.htm>

## **Rate Cap Bill Moves Through House Committee**

With the issue of rate caps left unresolved last legislative session, House Bill 20, introduced by Speaker Keith McCall (D-Carbon), was unanimously voted out of the

House Consumer Affairs Committee last week as amended and has been referred to the House Appropriations Committee for further review.

The bill amends Title 66 (Public Utilities) defining “overall rate” and providing for rate phase-in plans by requiring each electric distribution company to file a competitively neutral phase-in plan with the PUC to provide residential and small commercial customers the option to phase in any initial increase in the price for generation service that may occur upon the expiration of the generation rate caps. The default service provider shall be eligible to fully recover the amount of the deferred payment resulting from a customer’s participation in the plan from such customers by means of a charge to such customers that cannot be bypassed.

Most amendments were technical in nature; however, an amendment authored by Rep. Preston adds that the annual percentage increase in the overall rate charged to each customer class under the plan will be phased in if the increase is greater than ten percent. He also authored amendments further defining pre-payment and phase-in plans.

### **DOE Announces \$93 Million from Recovery Act to Support Wind Energy Projects**

In an ongoing effort to expand renewable resources, the U.S. Department of Energy has announced plans to provide \$93 million from the American Recovery and Reinvestment Act to support further development of wind energy. More than \$100 million in funding from the Recovery Act for NREL facility and infrastructure improvements was also announced.

The funding will leverage the DOE’s national laboratories, universities, and the private sector to help improve reliability and overcome key technical challenges for the wind industry. These projects will create green jobs, promote economic recovery, and provide the investments needed to increase renewable energy generation.

"Wind energy will be one of the most important contributors to meeting President Obama's target of generating 10 percent of our electricity from renewable sources by 2012, " said Secretary Chu. "The projects funded by this opportunity will advance wind technology so that it can reliably supply a substantial portion of our nation's electricity. They will also help in creating more new jobs and expanding a clean energy economy.

Click [here](#) for a detailed list of DOE funding for wind projects.

### **Specter a Democrat – Will He Be Climate Change Policy Friendly?**

Pennsylvania’s five-term U.S. Senator Arlen Specter recently shocked pundits nationwide this week in announcing he would run for re-election as a Democrat. Specter has been publicly open about skepticisms with President Obama’s clean energy agenda, but now, as a moderate, many are now wondering if he will become a key swing vote when it comes to climate change policy.

Specter has already said he would not be an automatic vote for cloture to end filibusters in the Senate, and this week he voted against Democratic leadership in passage of the federal budget.

The climate change legislation tends to cross party lines, and a number of “Blue Dog” Democrats in the House have promised to fight the Waxman-Markey legislation unless significant changes are made, particularly in its provisions relating to coal and biomass. "I don't think climate change is a matter of party. It is really more a matter of region," said Sen. Barbara Boxer. PA Congressman Tim Holden (D, Schuylkill County) will be chairing hearings on biomass issues next week.

Despite telling Obama that he feels he can be of great service to him, Specter co-sponsored the failed "Low Carbon Economy Act" cap-and-trade bill with Sen. Jeff Bingaman in 2007. And, while he has said that moving a climate bill is "something we ought to do our best to get done," he was one of the votes that derailed cap-and-trade's chances of passing through a budget reconciliation process – along with 26 other Democrats. And he is on record as supporting opening up the Alaskan National

Wildlife Refuge for drilling. As is the case in many issues, Sen. Specter brings his own unique perspective to issues, frustrating partisans on both sides of the aisle.

Specter, recently told Pennsylvania students that “his main platform in running for re-election is global warming.”

## **EVENTS**

### **PA Home Performance 101 – The House as a System**

The “PA Home Performance 101- The House as a System” training will provide the first comprehensive platform for learning about the tiered training requirements for energy conservation jobs that will meet the requirements for both state and federal funding. At the day-long session, participants will learn about the “house as a system,” homeowner market forces, financial assistance, state and federal incentives, and ideas for integrating these programs into their business model.

Note: Unless you are BPI or RESNET certified, this session is required for any desiring to qualify as a “Trained Contractor” with Keystone HELP and be eligible for the Keystone HELP Loan program.

The seminar fee of \$65 will include a lunch and materials will be held on May 5 in Lewisburg. Please contact Jennifer Cohen with questions at (610) 433-7486 or [jcohen@afcfirst.com](mailto:jcohen@afcfirst.com).

### **Pennsylvania to Host National Solar Energy Conference in Philadelphia**

Pennsylvania will host the first-ever PV America Conference and Trade Show to be held June 8-10 in the Pennsylvania Convention Center, Philadelphia.

The conference will focus exclusively on solar photo voltaic (PV) panel technology, the fastest growing segment of the solar industry. Solar photovoltaic panel technology converts sunlight directly into electricity and is commonly seen on rooftops. Despite the economic downturn, PV grew an impressive 81 percent in 2008 compared to 2007. The Mid-Atlantic market is poised for considerable growth in 2009.

Solar PV manufacturers, developers and installers will want to attend to market directly to businesses and consumers and for more than 50 valuable educational sessions on policies, workforce development and business growth strategies. Small business owners and entrepreneurs will gain from great networking opportunities and information on becoming part of the emerging PV industry.

The public is welcome to come and see PV technology and its applications for homes and businesses at Public Night on Tuesday, June 9 from 5 p.m.–8 p.m., where 200 companies will be represented in the expo hall. Admission for Public Night is free.

To register for PV America or to learn more, visit <http://www.pvamericaexpo.com> or contact Brian Mahar ([bmahar@tigercomm.us](mailto:bmahar@tigercomm.us), (703) 302-8393).

### **DEP Offers Energy Workshops to Help Small Businesses Improve Efficiency, Cut Costs**

DEP is sponsoring a series of workshops in April, May and June to help small and medium-size businesses reduce energy costs and increase profits. The workshops will be held from 8 a.m. to noon on the following dates at these locations:

- May 6 at Connelley School, Auditorium, 1501 Bedford Ave., Pittsburgh;
- May 19 at Elizabethtown College, Brossman Commons Student Center, Event Space Room, 1 Alpha Dr., Elizabethtown;
- May 27 at Indiana University of Pennsylvania, Crimson Event Center, Corner of Maple Street and Pratt Drive, Indiana;
- June 2 at Bucks County Community College, Penn Hall Room 257, 275 Swamp Road, Newton; and
- June 3 at Wilkes University, Henry Student Center Ballroom, 84 West South St.,

Wilkes-Barre.

The workshop will offer businesses information on energy supply options, illustrate how to identify energy cost-saving opportunities, and explain how to develop an energy action plan. In addition, information about financial and technical resources for energy-efficiency upgrades will be available. Particular emphasis will be given to easily implemented, cost-effective changes for small commercial and industrial facilities.

Registration for the workshops is free, and the sessions are open to the public. To register, visit Upcoming Events webpage.

Click [here](#) to view more energy events...

## **GRANTS**

Note: The Commonwealth Financing Agency is expected to consider wind and geothermal grants at its meeting next month. CFA is working to finalize guidelines for the \$165 million in funding allocated for non-solar energy projects under Act 1 of 2008.

### **Pennsylvania Sunshine Solar Program to Open Soon**

The Pennsylvania Sunshine Solar Program will provide \$100 million in grant funding to help fund solar electric (referred to as solar photovoltaic, or PV) and solar hot water (solar thermal) projects for homeowners and small businesses in Pennsylvania.

Funding will be deployed in the form of reimbursement grants for residential and small business projects. Grants will be awarded on a first-come-first-served basis to approved applicants.

Households may receive one solar PV grant for up to 10 kilowatts (kW) of installed PV generating capacity plus one solar thermal grant not to exceed \$2,000. A small business may only submit one PV and one solar thermal application at a time and must complete the project and grant process prior to submitting another application.

For more information contact ERG at [info@pa-erg.com](mailto:info@pa-erg.com).

## **NEWS CLIPS**

[Center to investigate plant cells for better biomass fuels](#)

[Governor says PA still leading green purchaser](#)

[Severance Tax Will Protect Pennsylvania Taxpayers](#)

[Biofuels Battle: Chemistry Versus Biology](#)

[Report shows success of PA Low-Income Energy Use Program](#)

[Senate Overwhelmingly Confirms John Hanger as Secretary of the Department of Environmental](#)

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