



## Alternative Energy Report

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### **Conferees Announce Farm Bill Agreement – White House Vows Veto**

House and Senate negotiators Thursday reached final agreement on a new farm bill that will spend close to \$300 billion on nutrition, conservation, energy and farm subsidy programs over the next five years, but USDA Secretary Ed Schafer immediately said President Bush will veto the bill.

"At a time of record farm income, Congress decided to further increase farm subsidy rates, qualify more people for taxpayer support, and move programs toward more government control," Agriculture Secretary Ed Schafer said. Of the \$300 billion in the bill, about 12 percent (\$36-40 billion) will actually go to farmers.

ERG successfully lobbied Congress on behalf of its clients for increases and maintenance of several energy provisions which are in the final package. The proposal invests \$320 million for new loan guarantee program for the development and construction of commercial-scale biorefineries; \$300 million in the Bioenergy Program to provide assistance to biofuel production plants for the purchase of feedstocks; \$118 million for biomass research and development efforts; reauthorizes and \$250 million for grants and loan guarantees for renewable energy and energy efficiency projects; the bill authorizes a new program, the Biomass Crop Assistance Program to help producers transition to new energy crops for biofuel production.

To help pay for the Farm Bill, negotiators cut the blenders tax credit for corn-based ethanol from 51 cents to 45 cents and initiated a tax credit for cellulosic ethanol.

Of note to Mid Atlantic farmers, almost \$400 million in the bill is earmarked to aid producers in reducing runoff into the Chesapeake Bay, improve water quality, and restore wildlife in the Bay.

Conferees and Congressional Leadership are seeking support from congressional Republicans to override a veto, but many who support the legislation will find an override vote difficult in an election year.

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### **Food vs. Fuel Battle Goes to EPA, Senators Weigh In**

Texas Governor Rick Perry has sent a letter to EPA Administrator Johnson requesting that the 2008 Renewable Fuel Standard requirement be reduced by 50% from 9 billion gallons to 4.5 billion gallons. The Governor said that in his eyes, the mandate is having an "unnecessary negative impact on Texas' otherwise strong economy while driving up global food prices." Last Thursday, Connecticut Gov. Jodi Rell urged Congress and the President to temporarily waive the mandate for the entire U.S.

Virginia Governor Tim Kaine rejected the idea of an RFS waiver, saying it "would not have a meaningful impact on food prices, food stocks or crop planting decisions... Virginia and the U.S. would be better served by taking actions to reduce

demand for petroleum, natural gas and other energy," he noted.

This week, Senators Chuck Grassley (R-IA) and Tim Johnson (D-SD) wrote the EPA urging opposition to any request to partially or completely waive the RFS. In their letter, they noted that USDA's top economist recently told Congress that the rising costs of feed corn and soybeans had little impact on rising food prices, and that a Merrill Lynch analyst had recently estimated that without ethanol, oil and gas prices would be as much as 15% higher today. Their argument – reducing supplies of ethanol would do little to lower the cost of food, but have a significant impact on increasing the prices consumers pay at the pump.

On Friday, Senator Kay Bay Hutchison (R-TX) and 23 other Republican Senators including presumptive presidential nominee John McCain wrote to the EPA urging them to "begin the process of examining alternatives that ease the severe economic and emerging environmental consequences that are developing in America as a result" of the expanded RFS.

ERG has talked with many of the state's existing and prospective biofuels producers, and found no support for the waiver concept. The Pennsylvania biofuels industry is in growth mode, and reductions in the RFS cannot help but hurt the prospects for East Coast biofuels development. The national biofuels organizations are also opposing the waiver request and will be writing the EPA during the comment period.

The EPA has 90 days from the date of receipt of the waiver request to issue a decision, and will issue a federal register notice in the near future requesting public comment on this request. The EPA will then evaluate the public comment, data and other factors before issuing a decision. That final decision is now expected in late July.

Many of the facts that are feeding this debate are available on line. From the ethanol side, the [American Coalition for Ethanol](#) has posted multiple studies on their website. The [National Biodiesel Board](#) has additional information on the issue.

### **Pitts Pushes Waste to Energy**

U.S. Representative Joseph Pitts (R-PA) highlighted the many benefits of waste-to-energy this week, citing Lancaster County, during a speech he delivered on the House floor. Pitts said that waste-to-energy can help put "America on a path toward energy independence." He said the operation was saving pollution from going into the Bay, saving land from being used as landfill, and generating electricity, noting that "one ton of solid waste has the equivalent energy of one barrel of oil."

Click [here](#) to view a video of Pitts' speech.

### **Senate Recognizes Need to Support Agriculture for Biofuels Production**

Senator Mike Waugh (R, York) and the Senate Agriculture and Rural Affairs Committee have voted out the Pennsylvania Farms to Fuels Initiatives Act (SB 1317.) The bill is the first piece of legislation in the two-year energy debate, which takes state action to provide incentives to farmers for production of bioenergy crops in the Commonwealth.

Pennsylvania farmers and agribusinesses should be supported in building more capacity alternative crops – and for oilseed crushing and production. ERG has been recommending farm and agribusiness incentives as part of the energy independence debate since early February last year. Pennsylvania farmers and forest owners can

become a key part of the development of new biofuels feedstocks, and for development of both cellulosic ethanol and other advanced biofuels.

It only makes sense to consider programs to promote and support farmers in producing and processing crops as feedstock, because these are the single largest cost component in biofuels production. Soybean oil, for example, can make up as much as 85% of the total cost of biodiesel production. Beyond biodiesel and corn based ethanol, other crops like switchgrasses, fast growing willow and poplar, sweet sorghum, sugar beets, canola, camelina, sunflowers are all possible feedstock for this industry. And reclaimed mineland acreage can provide an environmentally sound yet fertile source necessary to grow many of these crops.

[MORE...](#)

### **Governor Says Record Energy Prices Underscore Need for Energy Independence; Senators Respond**

This week gasoline prices again hit record highs, and Governor Rendell used that fact to again publicly call for the legislature to pass a package of bills that will “provide relief to consumers, grow the economy, and reduce Pennsylvania’s dependence on foreign oil.”

“The average price for a gallon of gasoline in Pennsylvania is \$3.63 and, earlier this week, the federal government forecast that prices will reach an average of \$3.73 nationally next month,” said Governor Rendell. “Compounding that is recent news from the state’s consumer advocate who estimated that electricity rates could jump as much as 60 percent by 2011. This is frightening news for Pennsylvania’s families and businesses.” (Click [here](#) to view a full press release with Rendell’s recent energy remarks).

Senators Mary Jo White (R, Venango) and Tommy Tomlinson(R,Bucks) responded by memo, noting that the Senate HAD passed SB 1, providing \$650 million in in alternative energy projects through a combination of grants, loans, rebates, tax credits and assistance to low-income residents. This legislation was approved 44-5 by the Senate, utilizes existing tax revenue to pay for the programs, and does not include the Governor's \$70 million annual tax increase.

They noted that the Senate had also last December passed Special Session SB 22 and SB 36, which provide incentives to encourage the in-state production and mandated content of biodiesel. Both bills passed with overwhelming bipartisan support. (Click [here](#) to view the Senate Memo)

Earlier this week the Governor released a letter from Pennsylvania’s Consumer Advocate Sonny Popowsky, who calculated the impact expiring generation rate caps for five utilities would have on electricity customers.

According to Popowsky, residential customers could pay as much as \$1.55 billion above what they are paying today for electricity service by 2011. Compared to rates that are in effect today, the consumer advocate forecasted increases for five remaining utilities with caps still in effect: PPL will see bills increase 37 percent; Met Ed, 54 percent; PECO, 8 percent; Penelec, 50 percent; and Allegheny Electric/West Penn Power, 63 percent.

The Governor unveiled his Energy Independence Strategy 15 months ago.

## **Eagles, Phillies and Pirates Lead Their Leagues in Green Power**

Any large sports venue uses vast quantities of energy from electricity to water, and that is why several of Pennsylvania's professional sports teams are going green to lessen their impact on the environment. The Philadelphia Eagles, Philadelphia Phillies and Pittsburgh Pirates are all going green and encouraging their fans to help:

[Eagles forest takes root at Neshaminy State Park](#)

[Eagles go solar](#)

[Pirates launch greening initiatives program at PNC Park](#)

[Phillies – Red Goes Green](#)

## **Three PA Universities Recognized as Top Green Power Purchasers**

The U.S. Environmental Protection Agency recently recognized three universities in Pennsylvania for their green power initiatives. For the second year in a row, the Ivy League won the crown as the overall champion conference in EPA's 2007-2008 College & University Green Power Challenge. This year's challenge included 40 competing institutions representing 18 different conferences nationwide.

Pennsylvania schools recognized in the challenge were: University of Pennsylvania, Pennsylvania State University and Duquesne University.

In total, the colleges and universities represented in this year's challenge are buying more than 960 million kWh of green power annually. EPA estimates that this amount of green power is equal to the electricity needed to power nearly 97,000 average American homes each year.

## **New Jersey Utility Offers \$105 Million in Solar Loans**

New Jersey's Public Service Electric and Gas Company (PSE&G) is now offering up to \$105 million in loans for the installation of solar photovoltaic systems. The New Jersey Board of Public Utilities (BPU) approved the loan package in early April to support the development of 30 megawatts of solar power installations throughout the utility's service area, helping the utility to meet about half of its solar energy requirement for 2009 and 2010. For now, the loans are only available for non-residential customers, but the program will be expanded to residential customers in the future. PSE&G will provide loans to cover roughly 40%-60% of a solar project's costs, offering 10-year loans for residential systems and 15-year loans for non-residential systems. According to PSE&G, the non-residential loans are currently being offered at an interest rate of 11.11%.

The borrower can then repay the loan with cash or with solar renewable energy credits (SRECs), which are created as the solar power systems generate power. Every 1,000 kilowatt-hours of solar generation result in one SREC, which PSE&G will value at the current market price or \$475, whichever is higher. The utility's goal is to provide loans for 12 megawatts of solar power at commercial and industrial facilities, 9 megawatts of solar power at municipal and not-for-profit facilities, 6 megawatts of residential solar power, and 3 megawatts of solar power at multi-family and affordable housing units. As of Monday, the loan program had committed to more than 3.1 megawatts of commercial and industrial solar power installations and 330 kilowatts of solar projects

at municipal and not-for-profit facilities.

For more information visit the [PSE&G Solar Loan Program](#) Web site.

## **GRANTS**

### **DEP Energy Grants Open**

The following Department of Environmental Protection energy-related grants are now open.

Program Summaries and Deadlines:

- Alternative Fuels Incentive Grant (AFIG). Deadline for submittal of applications is June 15, 2008.
- Energy Harvest. Deadline for submittal of applications is June 13, 2008.
- Pennsylvania Energy Development Authority (PEDA). Deadline for submittal of applications is June 20, 2008.

For more information on these programs, including eligibility requirements, applications, or assistance in developing applications, contact Energy Resources Group at 717-233-8606 or [info@pa-erg.com](mailto:info@pa-erg.com).

### **DOE Offers Up to \$4 Million for Biomass to Biofuel Research**

DOE is offering up to \$4 million for university research into cost-effective, environmentally friendly ways to convert biomass into biofuel. Twelve U.S. universities will be selected for funding, and each of them will contribute a minimum of 20% of the cost share, resulting in about \$4.8 million being invested in these projects. The Funding Opportunity Announcement (FOA) seeks projects that improve the conversion of biomass to advanced biofuels through biochemical, thermochemical, and chemical processes and is focused on lowering production costs and increasing yields and productivity. While the FOA is mainly focused on conventional biomass sources, it also includes the enhanced production of oils from algae. Applications are due on June 2. Click [here](#) for more information.

### **National Clean Diesel Finance Program**

The U.S. Environmental Protection Agency requests proposals for the SmartWay Clean Diesel Finance Program. Through this program, EPA will support the establishment of innovative nationally-focused financial programs to fund diesel emissions reductions. Proposed innovative financing may include, but are not limited to: Issuance of loan guarantees, equity investments that leverage additional funds, revolving loan funds, or issuance of tax exempt or taxable bonds for low cost loan programs. \$3 million expected to be available, up to 4 awards anticipated. Responses due June 9. Click [here](#) for more information.

### **Renewable Energy and Energy Efficiency Grants and Loans**

The U.S. Department of Agriculture requests proposals for Renewable Energy Systems and Energy Efficiency Improvements Grants and Guaranteed Loans. This initiative supports the purchase of renewable energy systems and energy efficiency improvements for agriculture producers and rural small businesses in eligible rural areas. \$15 million expected to be available, 250 awards anticipated. Grant-only proposals due 4/15/08 and 6/16/08. Guaranteed loan applications due 6/16/08. Combination grant-loan packages due 6/16/08. Click [here](#) for more information.

**Community Wind Project** 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.

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](mailto:renewable@francis.edu).

### **DOE Offers \$60 Million for Concentrating Solar Power Research**

DOE announced last week that it will provide up to \$60 million for concentrating solar power (CSP) projects that focus on advanced thermal energy storage or heat transfer fluids. The DOE funding will go toward both new research and development projects and demonstrations of technologies already under development. DOE anticipates that 10 to 25 industries or academic institutions will be selected to receive this funding, which will be distributed over the next 5 years. With a mandatory private industry cost share of 20% for research and development, and a 50% cost share for demonstrations, more than \$75 million could be invested in these projects. Applications are due by July 10. Click [here](#) to view more information.

### **DOE Offers \$7.5 Million for Advanced Water Power Technologies**

DOE announced on Monday that it will make up to \$7.5 million available to U.S. industries and universities to support the research and development of advanced water power systems, including systems that draw on free-flowing water; ocean waves, tides, or currents; and other water-based resources. Technologies that generate power from free-flowing water are often referred to as "hydrokinetic" technologies. Funding is available for industry-led projects involving in-water testing, development, and deployment of advanced water power technologies. Applications are due on June 16. Click [here](#) for more information.

## **EVENTS**

### **[Penn State Cellulosic Biofuels Short Course](#), June 8-10, Philadelphia, Pa.**

The Penn State Cellulosic Biofuels Short Course: Feedstock, Conversion, and System Integration, is designed to provide an in-depth technical overview for the rapidly increasing number of professionals that need greater familiarity with the biomass area, or that want to expand knowledge beyond their specialty. The focus will be on the use of lignocellulosic biomass to produce ethanol and other products in next generation biorefineries.

### **[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**

[State biofuels waiver request is the wrong course of action](#)

[Maryland approves wide-ranging energy bills](#)

[Group's Web site dedicated to monitoring ever-changing gas prices](#)

[Plant officials vow to hire union crew](#)

[Drivers thinking twice about driving habits, vacations](#)

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