



Alternative Energy Report

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Power Politics
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Primary Sets Stage for Fall Elections

Tuesday's election signaled an end to an era in Pennsylvania politics with the defeat of US Senator Arlen Specter by Congressman Joe Sestak. Specter was uniformly praised after his loss, for more than three decades of service in the Senate and his devotion to the citizens of Pennsylvania. Sestak's win sets up a US Senate race in the fall with former Congressman Pat Toomey of Allentown, who easily won the GOP primary.

In the Governor's race, Allegheny County Executive Dan Onorato and State Representative Scott Conklin of Centre County will face PA Attorney General Tom Corbett and Bucks County Commissioner Jim Cawley.

In the 12th District Congressional special election, Mark Critz, the former District Director to Congressman Jack Murtha defeated Republican businessman Tim Burns in a race many predicted would go Republican. The two will again compete on the ballot this fall, and ERG expects a closer race. Critz' 10,000 vote victory was called "stunning" by national pundits, but while 37,000 more Democrats cast ballots than Republicans in Tuesday's primary, Critz failed to keep those voters in the fold, as thousands crossed party lines to vote for Burns.

When all was said and done, anti-incumbent sentiment was evident across the state, but not enough to overcome incumbents in their party primaries. The Tea Party didn't really show any real results statewide. Nevertheless, voter discontent is obvious, as many challengers ended up receiving between 25-40 percent of the votes against incumbents, well above what would normally be expected in a gubernatorial primary election.

Click [here](#) for ERG's Election Summary.

House Energy Action Expected

Offshore Wind - The State House is expected to consider HB 2342, which was sponsored by all five Erie County members. HB 2342 gives the Department of General Services, with the concurrence of DEP, authority to extend options and leases on tracts of submerged land in Lake Erie for the development of offshore wind, solar or kinetic energy generation. ERG strongly supports this legislation.

New York, Ohio and Ontario are moving forward with similar leases, and several regional and national companies have expressed an interest in developing such generation facilities. These can be expected to create thousands of jobs in support industries, from construction and electrical work to ship building, transportation, parts and supplies.

Pennsylvania has a window of opportunity to capitalize on its central location on the

Lake, and to become the center of the region's wind industry supply chain. Hopefully the legislation will receive proper timely consideration.

Biodiesel Mandate Enforcement - SB 901 has been in the House Appropriations Committee since it was moved from the Agriculture and Rural Affairs Committee in September 2009. With inception of the B2 biodiesel mandate for onroad diesel fuels on May 1, passage of enforcement language for the Department of Agriculture becomes critical to insure the quality and quantities of biodiesel blends in the marketplace.

The Administration and industry are working to move the bill and return it to the Senate, with additional amendments that would extend the mandates to home heating oil and offroad diesel fuels.

House Committee to Consider Gas, Drilling, Energy Generation Bills

On Monday, the House Environmental Resources & Energy Committee will meet to vote on three bills, two of which pertain to the state's growing natural gas industry.

- House Bill 2213, sponsored by the committee's chairman Bud George (D-Clearfield), is intended to protect fresh groundwater by mandating the inspection of Marcellus Shale foundation well sites at various times during the drilling process.
- House Bill 2214, also sponsored by George, would regulate the terms and conditions of natural gas and oil leases, and void any agreement that does not allow for the payment of a minimum of 15% in royalties to the lessee. The bill also prohibits lessees deducting post-production costs.
- House Bill 2234, sponsored by Houghton (D-Chester), would prohibit local governments from blocking addition of solar pv/thermal systems or other energy devices based on renewable resources on buildings or people's homes.

Rendell Nominates Burke as New DCED Secretary

Governor Rendell has nominated Austin Burke, president of the Greater Scranton Chamber of Commerce, to head the Department of Community and Economic Development (DCED). Burke has been Secretary of the Commonwealth Financing Authority for the last three years, as the representative of the Senate Democrats. He has been president of the Chamber for the past 30 years. Burke's nomination requires Senate approval.

Current Secretary George Cornelius is leaving DCED in June to become president of Bridgewater College in Virginia.

Biodiesel Tax Credit Included in Bill to Extend Jobless Aid

The \$1 per gallon tax credit for biodiesel that expired Dec. 31 would be extended under new legislation to extend U.S. unemployment benefits. The legislation, introduced May 20 by House Ways and Means Committee Chairman Sander Levin and Senate Finance Committee Chairman Max Baucus, extends the biodiesel credit until the end of this year, according to a summary of the bill.

Biodiesel production has almost halted since the tax credit expired more than four months ago. The industry has asked that the credit be reinstated by the May 31 U.S. Memorial Day holiday.

The credit for blending biodiesel into conventional fuel makes it cost-competitive to do so. Pennsylvania has 11 biodiesel plants, most of which were idled when the blenders credit expired in December, 2009.

Kerry, Lieberman Introduce Climate/Energy Bill

Sens. John Kerry (D-MA) and Joe Lieberman (I-CT) introduced their climate and energy legislative package last week, to mixed reaction from stakeholders and interest groups.

The bill allows corporations to purchase emissions permits and trade among themselves - a cap-and-trade system. As a pot-sweetener, the plan orders modest carbon dioxide limits for oil refiners, eventual expansion of offshore drilling, and a share of federal royalties in states willing to take on the drilling risks.

The bill aims to reduce greenhouse gas emissions by 17 percent over the next decade, and allows coastal states to veto federally leased drilling projects within 75 miles of their shores.

Some energy stakeholders, including the American Wind Energy Association, expressed disappointment over the lack of a Renewable Energy Standard in the bill. Agricultural groups looked favorably on provisions that exempted agriculture from emission caps and puts USDA in charge of a carbon offset program from which the nation's farms, ranches and forestlands might financially benefit.

A broad coalition of transportation groups is saying the bill would wreck efforts to improve the nation's highways, bridges and transit systems. In a letter to Kerry and Lieberman, the coalition estimated that in its first year, the bill would result in \$19.5 billion in fees from fuel sales, but that more than three-fourths of the fund would be diverted from transportation infrastructure investment.

Climate Change Politics

The politics of the Climate Change legislation are a quickly moving target, and while plans are to take the subject up in June, much could happen to change the current legislative plan as outlined by Majority Leader Harry Reid (D, NV). Reid said Wednesday he planned to meet with Committee Chairs of the six Senate Committees with jurisdiction over portions of the climate change policy debate, and to hold a full Democratic caucus on energy in mid-June.

But Sen. Lisa Murkowski (R-AK) is expected to seek a floor vote on her resolution to block EPA's endangerment findings and rules for mobile and stationary sources of greenhouse gases. Murkowski, who has 41 bipartisan sponsors for her resolution, plans to call for a floor vote on her resolution before a procedural deadline of June 7. The resolution is not subject to cloture vote. Passage of the resolution - or even a 45-55 vote loss could jeopardize plans for a broad climate change bill.

Sen. Jay Rockefeller (D-WV) has introduced a separate bill that would block EPA's climate rules for industrial sources for two years. And Sens. Maria Cantwell (D-WA) and Susan Collins (R-ME) introduced the "CLEAR Act," a competing plan which limits carbon markets to regulated facilities.

Casey, Carper Consider Alternatives to EPA Blocking Senate Bills

With the two bills to block or limit U.S. EPA's climate rules pending, Pennsylvania Senator Bob Casey (D-PA) and Sen. Tom Carper (D-DE) are considering a measure to exempt small stationary sources from greenhouse gas regulations while allowing EPA to regulate larger emitters.

"I think it would be very helpful for folks who represent a state like mine as well as others to have an alternative available," Casey said yesterday. Casey staff told ERG his proposal would be similar to the EPA tailoring rule for greenhouse gases, but permanently exempt small sources from the requirements.

Casey and Carper are still weighing their options and have not settled on offering a legislative alternative, the aide said. "The end goal is to defeat Senator Murkowski, and we're looking at a variety of paths to doing that."

Rendell Hails Lease Deal, House, Union Coalition Pushing for Gas Tax

Governor Rendell said last week that re-leasing of 33,000 acres of state forestland whose previous leases had run out will bring in \$120 million and make any further leasing for natural gas drilling unnecessary.

Earlier this month, the House overwhelmingly passed a three-year moratorium on new forestland leases, and mandates for various studies of the impact of drilling. Rendell called on the Senate to pass the moratorium, saying the budget can be balanced by the existing leases and his proposed natural gas severance tax, combined with other measures.

Senate Majority Leader Dominic Pileggi (R-Delaware), said he "doesn't see any reason" to remove new forestland leasing from the list of revenue options. Noting the current budget shortfall of more than \$1 billion, he added that lawmakers "have to look at each potential revenue source."

[MORE...](#)

USDA, DOE Announce Funding for Biomass Research and Development Initiative

USDA and DOE last week announced up to \$33 million in funding for research and development of technologies and processes to produce biofuels, bioenergy and high-value biobased products.

The agencies issued the joint funding announcement for several types of projects aimed at increasing the availability of alternative renewable fuels and biobased products. The projects will aim to create a diverse group of economically and environmentally sustainable sources of renewable biomass. Advanced biofuels produced from these projects are expected to reduce greenhouse gas emissions by a minimum of 50 percent, as determined by the Environmental Protection Agency.

[MORE...](#)

New Federal Partnership To Help Commercialize Technology, Expand Research

A new five-year Partnership Intermediary Agreement between the USDA's Agricultural Research Service and the Pennsylvania Ben Franklin Technology

Development Authority will help commercialize emerging technologies and expand the commonwealth's world-class research opportunities, according to DCED Secretary George Cornelius.

The Pennsylvania Ben Franklin Technology Development Authority, one of the nation's largest and most-replicated state technology-focused economic development initiatives, is one of only nine economic development agencies nationwide chosen to partner with Agricultural Research Service as part of the agricultural technology innovation partnership program network.

The agreement will help Pennsylvania companies and researchers access Agricultural Research Service's national network of more than 100 research labs, 2,000 scientists, and extensive intellectual property portfolio.

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EVENTS

Chamber, PEC to Host Climate Change Summit

On Tuesday, June 8 the Pennsylvania Chamber, in cooperation with The Pennsylvania Environmental Council, presents some of the most respected scientists and researchers in the field of climate change, representing both sides of the discussion. They will present a balanced, rational and respectful sharing of viewpoints to explain insights, debunk myths and help eliminate confusion.

This Summit will address the science behind global warming, and review the potential economic impact to Pennsylvanians as regulations and taxes are considered to help address climate change.

The public policy debate underway involves discussions on the possible need to reduce human impact on the climate and how to adapt to change that has already occurred. Employers, taxpayers, policymakers and the public could all be affected and need accurate, thorough, science-based information from which to make well-informed decisions.

Click [here](#) for more details.

GRANT OPPORTUNITIES

Reminder - PEDA Grant Period Open

Applications are being accepted electronically until 4 p.m. June 15.

Click [here](#) for more information.

NEWS CLIPS

[PA Residents Think Globally, Act Locally on Climate Change](#)

[CFA approves \\$7.8M in grants and loans](#)

[Energy start-ups to receive funding from Ben Franklin program](#)

[SEIA says solar electric power industry would benefit from tax extension](#)



Wind energy to supply all of Allegheny College's electricity

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