



Alternative Energy Report

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Power Politics
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State House and Senate Return to Session – Budget Debate Heating Up

Already at odds with the pending budget, the state House and Senate return to Session on June 1. With 19 days of session now scheduled in the House and 16 in the Senate during June, it is highly unlikely that a budget agreement will be reached by the July 1 deadline.

The war of words between Republicans and Democrats on the budget continues to increase in volume on some public levels, and resulted in no volume this week at one point, when House Republicans announced they would not participate in more public hearings on education funding, which they said were designed only to promote a political and policy agenda.

Both sides are waiting to see the May revenue figures, which are expected to show a continuing slide, and putting even more pressure on the state budget for 2009-2010.

Revenues, new taxes, education and health care appear to be the major sticking points in the upcoming debates, but some energy and environmental issues may be tackled early in June.

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US House Energy and Commerce Committee Passes Climate Bill

Last week the US House Energy and Commerce Committee passed the American Clean Energy and Security Act (H.R. 2454), by a vote of 33 to 25. Thirty-two Democrats were joined by one Republican, Mary Bono Mack of California, in voting for the bill, while four moderate Democrats joined twenty-one Republicans against.

As discussed in prior editions of ERG's Alternative Energy Report, the bill would create a national cap and trade program that would limit the amount of greenhouse gases (GHGs) power plants, manufacturers and oil refiners can emit through the allocation of allowances.

In addition, the bill includes a combined efficiency and renewable electricity standard, which requires that states meet their electricity demand with 17 percent renewable energy by 2020, with up to 5 percent of that being met with electricity savings.

The passage of the bill followed four days of markup in committee, which included consideration of more than 50 amendments and intense negotiations where up to 85% of the possible credits were effectively given away to some industries. The bill will now head for review by other House committees, with the goal of reaching the full House by July.

Waxman-Markey's prospects for final passage, though remain unclear. As many as 28 Democrats on the Agriculture Committee have decided, with their chairman, Rep. Collin Peterson (D-Minn.) to vote against the bill unless significant changes affecting agriculture are not addressed.

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PA House Environmental Committee Hears Comments on Alternative Energy/Climate Bill

Last week, the House Environmental Resources and Energy Committee heard

testimony regarding House Bill 80 (Rep. Greg Vitali, D-Delaware) which would expand the state's Alternative Energy Portfolio Standards and help create a carbon sequestration network to reduce greenhouse gas emissions. A companion bill, Senate Bill 92, was introduced by Sen. Ted Erickson (R-Delaware).

Similar bills were offered last session, but were held over when agreements could not be reached on amendments and carbon sequestration language. This legislation would increase the proportion of electricity that electric distribution companies must purchase from renewable sources such as wind and solar to 20 percent by 2026. The bills also would increase the amount of electricity from solar photovoltaic panels that electricity companies must purchase and use to 3 percent by 2026; require Pennsylvania to develop and operate a carbon capture and sequestration network for coal-burning power plants in the state; and require 3 percent of the energy purchased by electric distribution companies in Pennsylvania to come from coal-fired power plants that sequester carbon.

Several state environmental groups have actively opposed the legislation over the carbon sequestration provisions included in the bill.

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Lake Erie Biofuels Testifies on RFS-2, ILUC

Last week, Mike Noble, President of Lake Erie Biofuels told the US House Subcommittee on Regulations and Healthcare that the biodiesel industry needs a stable, reliable policy framework, including implementation of a workable, realistic renewable fuel standard to allow the industry to survive the current economic crisis.

Noble, speaking at the request of the National Biodiesel Board, said that while the RFS-2 proposed by the EPA last week requires an increase in biomass-based diesel production to one billion gallons in 2012, the EPA proposed rule relies on "uncertain, inexact assumptions" that would disqualify biodiesel produced from domestically produced vegetable oils.

Using Indirect Land Use Change methods to estimate indirect emissions has not been peer reviewed, but is based on theory. Noble told the Subcommittee, chaired by Congresswoman Kathy Dahlkemper (D-Erie), "There are many factors unrelated to U.S. biodiesel production that impact land use decisions abroad. For example, in Brazil, forestry, cattle ranching and subsistence farming drive land use decisions, yet the EPA's proposed methodology appears to attribute this change to U.S. biodiesel production. This assumption defies common-sense."

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Ag Department Holds Public Hearings on Biodiesel Infrastructure

The Pennsylvania Department of Agriculture held three public hearings last week in Pittsburgh, State College and Whitehall, to gather information as part of its assessment of biodiesel infrastructure in the Commonwealth, required by Act 78 of 2008.

Under the Act, all diesel sold in Pennsylvania must contain two percent biodiesel after the state's biodiesel production reaches 40 million gallons. But before a mandate takes effect, the Departments of Agriculture and Transportation must jointly certify whether there is sufficient transportation, distribution and other necessary infrastructure, including rail capability and terminal facilities, in this Commonwealth to meet the requirements" of the act. Following certification, a six month waiting period has been built into the law before the mandate will actually take effect.

ERG partner John Nikoloff said that when Act 78 passed, ERG honestly assessed the state, and acknowledged that "There's a long way to go before we have the infrastructure to carry out any mandate here." But he had also noted that the delay in implementation was necessary to give the industry and government time to set up the infrastructure needed.

“ERG is now convinced that sufficient infrastructure for production, transportation, distribution and rail/terminal capabilities are in place to meet the requirements of the act,” Nikoloff said, adding that Original Engine Manufacturers have approved use of B5 blends or higher in their engines, and the state’s biodiesel producers had reached the first of four target production levels.

Deputy Agriculture Secretary Bill Wehry said that the Department would continue to accept public testimony and information for several weeks before making a final determination on the state’s biodiesel infrastructure capabilities.

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House Environmental Resources and Energy Committee Holds Hearing on Creation of Power Authority

House Environmental Resources and Energy Committee held a hearing this week to explore legislation authored by the committee’s chair Camille "Bud" George (D-Clearfield) which is designed to “protect citizens and businesses from a broken retail electric market through creation of a Pennsylvania Power Authority.”

George estimated that consumers will see about \$2.5 billion in rate increases across the board when more rate caps start expiring within the next seven months. "A power authority would protect ratepayers from what has been called a 'lethal combination' of a dysfunctional wholesale market and a retail framework that inflates already-high wholesale prices," he said.

The bill would enable an authority to purchase electricity on behalf of Pennsylvania electric-distribution companies such as PPL, whose rate cap ends Jan. 1, and Met-Ed, Penelec and PECO, whose rate caps expire one year later.

Vice Chairman of the PUC, Tyrone Christy, explained that when rate caps expire, all customers will pay according to the PJM model, which is a complex pricing mechanism regulated by the Federal Energy Regulatory Commission.

He expects most customers will see an increase of 10-15%, but the only way to keep energy prices down is to allow for increased competition through the implementation of long-term contracts. He noted that Pennsylvania is currently in the minority of deregulated jurisdictions that rely on the PJM rates and that other states have either re-regulated or created some kind of authority to control the cost of energy.

Those who testified before the committee, including Sonny Popowsky, representing Consumer Advocate of Pennsylvania; Joe Nipper, representing the American Public Power Association, and Vic Sawicki, representing the Industrial Energy Consumers of Pennsylvania, supported the creation of a power authority in Pennsylvania.

George said legislation creating a Pennsylvania Power Authority will be unveiled soon and will mirror some of the initiatives presented late last session in House Bill 2791.

DRBC Eliminates Review Thresholds for Natural Gas Drilling Operations

Delaware River Basin Commission (DRBC) this week issued a determination notifying natural gas extraction project sponsors that they may not commence any natural gas extraction project located in shale formations within the drainage area of the basin’s Special Protection Waters without first applying for and obtaining commission approval.

“This determination explains DRBC regulatory requirements on an interim basis and asserts commission review over all aspects of natural gas extraction projects in shale formations within the drainage area of the basin’s Special Protection Waters, regardless of the amount of water withdrawn or the capacity of domestic sewage treatment facilities accepting fracking wastewater,” said executive director Carol Collier.

In taking this action, DRBC considered and determined that “as a result of water

withdrawals, wastewater disposal, and other activities, natural gas extraction projects in shale formations may individually or cumulatively affect the water quality of Special Protection Waters by altering their physical, biological, chemical or hydrological characteristics.”

“The intent behind this executive director determination is to provide directional signals, not put up roadblocks,” Collier said. “Each of these activities, if not properly performed, may cause adverse environmental effects on water resources. The bottom line for the DRBC is to ensure that proper environmental controls are provided to safeguard our basin's water resources that are used by nearly 15 million people.”

For more information, click [here](#) to visit DRBC's website.

More Than \$467 Million in Recovery Act Funding Announced for Geothermal and Solar Energy Projects

This week President Obama announced over \$467 million from the American Reinvestment and Recovery Act to expand and accelerate the development, deployment, and use of geothermal and solar energy throughout the United States. The funding, he said, "represents a substantial down payment that will help the solar and geothermal industries overcome technical barriers, demonstrate new technologies, and provide support for clean energy jobs for years to come."

Click [here](#) to view a full list of geothermal and solar projects.

GRANTS

USDA Renewable Energy Systems and Energy Efficiency Improvement Grants

USDA Rural Development Energy Programs has applications available for Renewable Energy Systems and Energy Efficiency Improvements Grants and Guaranteed Loans and Renewable Energy Feasibility Studies Grants under the Rural Energy for America Program.

This notice announces that Rural Business-Cooperative Service is accepting applications for fiscal year (FY) 2009 to purchase renewable energy systems and make energy efficiency improvements and to conduct feasibility studies for renewable energy systems for agriculture producers and rural small businesses in eligible rural areas.

The deadline for applications is July 31. Click [here](#) for more information.

DEP Now Accepting Applications for Solar Photovoltaic, Hot Water System Rebates

DEP is now accepting applications for the PA Sunshine Program which will provide \$100 million in rebates to homeowners and small businesses installing solar photovoltaic and hot water systems.

Rebates are available for state residents and small businesses. For specific guidelines and eligibility requirements, visit [DEPs' website](#) or contact Rebecca Campbell, Office of Energy and Technology Deployment at 717-772-8911 or send email to: pasunshine@state.pa.us before submitting an application.

DEP to Accept Applications for New Energy Use Reduction Grant Program

DEP is now accepting comments on a new grant program made possible through the American Recovery and Reinvestment Act to help local governments and non-profit entities make shovel-ready, energy efficient or conservation projects a reality.

Following the review of public comments and recommendations, the department anticipates accepting new applications for the program beginning June 15. Click [here](#) to learn more.

Keystone HELP Energy Conservation Program Expanded

The state has unveiled an expanded \$17 million Keystone HELP energy conservation loan and Energy Star rebate program. The deadline to apply is June 30. For more information, visit the [Keystone HELP website](#).

EVENTS

[Fuels for Schools and Beyond Program](#), May 29, Ag Progress Days Site
Pennsylvania Fuels for Schools and Beyond, a statewide working group promoting local, renewable energy alternatives for Pennsylvania schools and businesses. For more information, or to attend, visit the Fuels for Schools website.

[PennFuture's Clean Energy Conference](#), June 3, Harrisburg
Network and learn about the most up-to-date clean energy markets and policies in PA

[Greening Local Building Ordinances: Opportunities and Challenges](#), June 18, Mifflinburg

Local codes can be either one of the greatest road blocks to truly green or environmentally conscious building and development -- or they can be one of its greatest assets

To view the flyer and full description for this event, click [here](#).

[BPI Building Analyst Training and Certification](#), June 22-26th and 29th, Bucknell University
Lewisburg

Learn the relationship between all systems in a home and the effects on health, safety, comfort and efficiency with this Building Performance Institute Building Analyst Training. Learn the "House as a System" approach to home energy contracting work, and how flaws in one part of the home can compromise performance throughout. Learn building science fundamentals, energy conservation strategies, duct testing/sealing, blower door testing, and more. Find out about the critical role of combustion safety testing in protecting your clients and reducing your liability. Cost is \$500/person (max of 12 participants). A grant of \$250 will be available to 4 sole proprietors.

[Energy Program Management: Procuring and Working with an Energy Service Company \(ESCO\)](#), June 24, Bucknell University, Lewisburg, PA

Who should attend? Financial and facility managers of manufacturing firms, schools, local governments, municipal authorities, hospitals and consulting engineers.

To view the flyer and full description for this event, click [here](#).

[Green by Example](#), June 27, Philadelphia

Green by Example is a 4-week course dedicated to providing you energy saving tips, teaching you the base knowledge you need to work in the modern, energy-efficient home design of the future. Join us every Saturday in June for Green by Example, taught by LEED for Homes expert Sam Klein.

[Pennsylvania Renewable Energy Festival](#), Sept. 18-20, Kempton

Annual three-day September festival for renewable energy, green building, sustainable agriculture.

NEWS CLIPS

[White House plans to boost vehicle fuel efficiency nationwide](#)

[PECO first PA utility to meet PA Alternative Energy Portfolio Standards](#)

[Community College of Allegheny County launches "The Green Institute" in Pittsburgh](#)

[Diesel Vehicles Score Better on Emissions But Trail Hybrids](#)

[House Climate Bill Fails to Capitalize on Solutions from the Land](#)

[Tests Show Explosive Yield Potential from Second-Generation Energy Crop](#)

[World's Biggest Solar Power Tower now Producing Power in Spain](#)

[U.S. Wind Power Industry Marks Strong First-Quarter Growth](#)

We're on the Web!

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