



Alternative Energy Report

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Clock is Ticking on Legislative Timetable

Pennsylvania's General Assembly has traditionally tackled major issues in two separate time periods – during negotiations over the state's budget, and at the very end of the session year.

With the announcement by Republican Leadership last week that the State Senate would not hold a "sine die" lame duck legislative session this fall, all Harrisburg political clocks had to be recalibrated. "Sine die" sessions, held between the general election and the end of the legislative year, have been times in the past when significant, and often controversial legislation could more easily be passed.

The Senate Republicans' decision effectively moves the timetable for getting legislation approved from November 30, to early fall at best. Scarnati said he hopes the Senate's action will "put everybody just a bit more in working gear instead of coasting gear" in September and October. The same could be said for the coming budget season in June (and possibly beyond.)

The Senate's action clearly underscores the critical nature of the next few weeks, and negotiations over the state budget and other Rendell Administration initiatives.

Action on economic development and energy funding must be considered in the near future for the state to maintain its relative advantage in attracting out of state investments. Many projects which received funding commitments in 2007 contingent on passage of a state energy program now find themselves with their financial backs against the wall.

Legislative leaders and Governor Rendell held their initial 2008 budget discussions on Monday. The meeting produced no specific monetary or financing agreements and estimates are that the parties are now about \$340 million apart on the budget, depending on the final May and June revenue estimates. Under current House rules, the earliest that the actual budget bill (and the more than 150 amendments now pending) could be considered is June 23.

But beyond the legislative amendments, major differences still remain on other key initiatives of the Governor, including the Redevelopment Capital Assistance Program (RCAP), energy initiatives, infrastructure funding, research and development bonds and health care reform.

Rendell wants to negotiate solutions or get votes on all these issues, but does not yet have agreement from the Senate. He proposed establishment of "work groups," on the various issues – a system also proposed, but not really functional during last year's budget deliberations. ERG has met with leadership and staff, and will continue to provide input into the energy and infrastructure discussions.

The caucus leaders are slated to meet again next week and the Governor has agreed to

be available to negotiate 24 hours a day seven days a week until June 30. He told the media that he has not absolutely linked passage of certain items to his approval of a state budget as was the case in the past, but he did suggest he would ask for up or down votes on his initiatives.

Leadership by Example

This week, Todd Garrison, Deputy Secretary for Property Management in the state Department of General Services distributed an Op/Ed piece entitled “How the State is Saving on Energy Use,” outlining initiatives of the Rendell Administration to save energy and taxpayers dollars.

He said, “By turning down the thermostats in all our state-owned buildings, replacing incandescent lights with florescent lights, turning off computers and lights when not in use, and prohibiting the use of certain electrical devices, we have been able to save 10 percent, or \$1.6 million, in annual energy savings. Our goal is to reach a 20 percent reduction in utility use by 2011.”

Garrison said the Guaranteed Energy Savings Program, which is open to all government entities, enables agencies to make energy improvements at no cost. The improvements are guaranteed, meaning the money spent to make the improvements is offset by the savings achieved in reduced utility bills.

ERG applauds what has becoming a bipartisan movement to have the state lead by example, through mandated conservation efforts and establishment of green standards for state funded properties.

[MORE...](#)

Food (and oil) for Thought From the Commodity Markets

Are institutional investors and hedge funds driving food and energy price inflation? In the last four months, Congress has been told by billionaire George Soros, the Consumer Federation of America, farmers’ organizations and hedge fund managers that the answer is an unequivocal “YES,” for commodities from corn and soybeans, to oil.

Institutional investors using index speculation that creates these pressures, help drive up prices for foods and oil products, while undermining the potential for biofuels in the U.S.

And unless Congress or the Commodities Futures Trading Commission (CFTC) take some action to rein in this practice, food and energy prices almost HAVE to continue their upward spiral, with huge economic impacts already stressed U.S. companies and consumers – until the bubble bursts.

This week, Congressman Chris Carney (D-PA) and four other members of the US House introduced HR 594, the Prevent Unfair Manipulation of Prices (PUMP) Act. It would close the “Enron Loophole” that was included in the Commodity Futures Modernization Act of 2000, and allowed energy commodities such as crude oil, gasoline, and natural gas to play by their own rules and be traded outside of the New York Mercantile Exchange without any oversight by the Commodity Futures Trading Commission.

Carney and the co-sponsors presented a report from the Energy Information Administration that showed 2008 gasoline supplies are abundant relative to 2007, yet the price for gas has skyrocketed. A hearing on the proposed legislation is scheduled in the Oversight and Investigations Subcommittee for the House Energy and Commerce Committee on June 23.

View the rest of this commentary and more on ERG's Blog, [Power Politics](#)

Deadlines Quickly Approaching for DEP Energy Grants

Deadlines for the state Department of Environmental Protection energy-related grants are fast approaching and ERG is here to help. Applications for the following programs must be received by DEP no later than June 20:

Alternative Fuels Incentive Grant (AFIG) - program's mission is to help improve PA's air quality and reduce the use of imported oils through the use of alternative fuels.

Energy Harvest – program mission is to deploy cleaner energy sources that protect water or air quality, and have a positive economic benefit. Provides funding for renewable energy deployment; biomass energy projects; coal-mine methane, waste coal reclamation for energy; implementation of innovative energy efficiency technologies; or clean distributed generation infrastructure improvements.

Pennsylvania Energy Development Authority (PEDA) – solicitations are varied and diverse. In general, PEDA provides grants, loan guarantees for alternative energy projects and related research referring to deployment projects, manufacturing or research involving the following types of fuels, technologies or measures: solar energy; wind; low-impact hydropower; geothermal; biologically derived methane gas, including landfill gas; biomass; fuel cells; coal-mine methane; waste coal; integrated gasification combined cycle, and; demand management measures, including recycled energy and energy recovery, energy efficiency and load management.

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.

PUC Releases Annual Report on Alternative Energy Portfolio Standards Act

Last week the Pennsylvania Public Utility Commission (PUC) released the 2007 Annual Report of the Alternative Energy Portfolio Standards (AEPS) Act of 2004. The report was prepared by the PUC Bureau of Conservation, Economics and Energy Planning in cooperation with the Pennsylvania Department of Environmental Protection.

Click [here](#) to view the full report.

Crawford County Farmers Growing Camelina for Biofuel

Earlier this week, Penn State announced that its local cooperative extension office for Crawford County has taken the lead in organizing a group of growers into a co-op that will produce a promising biofuels feedstock.

"We have about 300 acres of the oilseed camelina planted on a dozen farms here," said Joel Hunter, extension educator based in Meadville. "This is a right-here, right-now thing. We have a huge new market for vegetable oil for biodiesel, and we will be

selling the oil to the Lake Erie Biofuels plant just to the north in Erie."

The plant, which opened in the fall of 2007, has a capacity to make 45 million gallons of biodiesel a year from vegetable oils and other fat sources, according to Hunter. "They will buy all the oil we can give them," he says. "It's a huge operation, and plant officials would love to develop a local supplier."

Lake Erie Biofuels asked extension specialists if camelina could be grown in northwest Pennsylvania. A recent study recently conducted by the University of Montana showed that it was possible and the Cooperative Extension took aggressive action purchasing 1,000 pounds of camelina seed for farmers to grow.

Hunter said that in recent years, there has been increasing interest in developing agronomic systems with low requirements for fertilizer, pesticides and energy, and that provide better soil-erosion control than conventional systems. Camelina could play a key complimentary role in a no-till system approach based on cover crops and rotations."

The seeds are very small, amounting to about 400,000 seeds per pound, and they are 40 percent oil, compared to 20 percent with soybeans.

Extension is working with the owners of a crush plant in Union City to extract the oil. Penn State hopes that the remaining meal after the oil is pressed can be feed to poultry for production of high Omega-3 eggs.

EESI Testifies on Biofuels, Sustainability and Food Crisis Concerns

A senior policy associate of the at the Environmental and Energy Study Institute (EESI) has urged the U.S. Commission on Security and Cooperation in Europe to support increased research, demonstration, deployment and commercialization of new sustainable biomass technologies.

In recent testimony before the commission, Jetta Wong, an analyst with EESI's Sustainable Biomass and Energy Program, also asked the commission to support a national biomass assessment to determine the U.S. resource base. Wong also suggested that the United States assess how international trade and foreign policy influence food and fuel security, and recommended that the government consider a return to a supply management program or strategic grain reserve, much like the Strategic Petroleum Reserve.

Wong's testimony before the panel, also known as the U.S. Helsinki Commission, examined the complexity involved in the rise in world food prices and the relationship with current biofuel production. Wong pointed out that although it is clear that the price of food is influenced by a number of factors, the fundamental cause is largely higher energy costs. In fact, according to an April 2008 study by Texas A&M University cited by Wong, "the underlying force driving changes in the agriculture industry, along with the economy as a whole, is overall higher energy costs."

She also emphasized that biofuels are just one part of a larger strategy, in which long-term policies such as increased fuel efficiency, "smart-growth" practices, conservation and a variety of other technologies will play a critical role. In the meantime, sustainable biofuels offer the only viable substitute to petroleum, as well as the only means to protect the nation's energy supply in the face of uncertain politics and rising oil prices.

Click [here](#) to view Wong's full testimony.

GRANTS

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.

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.

[Second Annual BioEnergy Awareness Days](#), June 19-21, Washington, D.C.

BioEnergy Awareness Days (BEAD II) is designed to increase awareness and knowledge related to the sustainable production of agriculture-based and natural resource-based renewable energy. The event also promotes the efficient use and conservation of energy for the benefit of rural communities and the nation.

[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

[Pennsylvania needs a commission to deal with a hugely complex issue](#)

[Editorial: Global Warming](#)

[Without ethanol, price of gasoline could surge past \\$5 a gallon](#)

[Panel to present green building ordinance](#)

[Planners want details on windmill law](#)

[BARTA widens search for fuel](#)

[Gas prices soar, United Airlines to cut fleet and jobs](#)

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