



Alternative Energy Report

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Power Politics
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the official blog of
ERG.

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PA Held Hostage, Day 51

The budget impasse in Harrisburg passed its 50th day on Wednesday with the Governor calling in Bill Cosby to help push for more education funding and the Senate Republicans failing to override several of the Governor's line item vetoes. The Conference Committee has not met in weeks, and House Appropriations Committee chair Dwight Evans remains out of town dealing with the death of his sister-in-law.

The key players in the budget battle, Senate Republicans and Governor Ed Rendell, however, continue to struggle with each other through messaging to reach the public, but have not met directly. Levels of rhetoric increased again this week, and an often testy debate in the Senate ensued as the Republican-led chamber sought to override several of the line items vetoed by the Governor in SB 850.

The budget impasse is the longest that the state has gone without passage of basic funding for all state services since the passage of the state's current Constitution.

On Wednesday, Senate Republicans sought a 2/3 vote to override the Governor's line item vetoes on 92 line items where the Senate budget and the Governor's budget request were in full agreement, including several items for funding of domestic violence programs, veterans assistance, homeless assistance, and several other programs in the Department of Public Welfare, and funding to support the state's college loan programs. Senate Appropriations Chairman Jake Corman asked rhetorically, "If the Governor and the General Assembly agree on levels of funding on these line items, why were they blue lined except in an attempt to create more hostages and leverage to force revenue increases?" But on a series of votes, only one Democratic Senator, Lisa Boscola of Northampton County, voted with the unified Republican caucus and the override votes failed, receiving 30 of the 33 votes needed.

After the failed overrides, the Governor replied through the media, saying, "Once again, I call on them to cancel their vacations, their fun and their fundraisers. ... Convene the conference committee. Get real." Senator Pileggi, however, said simply "the Conference Committee is a failure."

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Biofuels Mandate Legislation Held Over Again

The House Agriculture and Rural Affairs Committee again failed to move SB 901 at its scheduled meeting this week. The legislation, sponsored by Sen. Joe Scarnati, would provide an extension in meeting the requirements of a statewide biodiesel mandate for small refineries using only 100% Pennsylvania Grade crude oil through December 31, 2010. These small refiners have until that date to comply with federal Renewable Fuels Standards.

At issue is not the original bill, but proposed amendments being sought by the PA Department of Agriculture to give it enforcement powers when the statewide biodiesel mandate begins. The Department is seeking provisions that require certification of biodiesel content, blend percentages, testing and inspection capabilities, and standards for registration and record keeping for those selling biodiesel blends in the Commonwealth. The amendments also establish a series of penalties for violations of the act.

Stakeholders have been meeting for several weeks with legislative staff and the Department in attempts to reach an agreed-to amendment that provides the Department with the powers while not creating undue difficulties for the regulated businesses.

Act 78 of 2008 provided that one year after Pennsylvania production of biodiesel reaches 40 million gallons on an annualized basis, all diesel fuel for on road use in the state contain at least two percent biodiesel. Governor Rendell and State Agriculture Secretary Dennis Wolff announced in January 2009 that the biodiesel industry had reached the trigger point for the B2 mandate at the end of August, 2008.

PEDA Grant Recipients Announced

Last week the Pennsylvania Energy Development Authority (PEDA) awarded \$20.7 million in grants, including \$10 million from the federal American Recovery and Reinvestment Act to support 25 projects to generate and conserve energy. The public funding leverages another \$120 million in private matching funds for a total investment of \$140.7 million.

The projects will produce or save 2.2 billion kilowatt hours of electricity over their lifetimes, or 110 million kilowatt hours per year. These projects will create 430 permanent green jobs, 1,068 construction jobs and help to retain 4,110 manufacturing jobs by stabilizing energy costs with on-site renewable energy systems.

In addition, the projects include 9.3 megawatts of solar projects, geothermal, wind, carbon capture for coal, biodigesters for farms, combined heat and power and efficient lighting systems.

For additional information, including a full list of recipients, click [here](#) to view the DEP press release.

Five Companies to Create Biomass Project in Smethport

After a year of preparation and planning, work is about to begin on a biomass fueled Combined Heat and Power (CHP) facility in Smethport. The project is intended to demonstrate the use of waste wood as a sustainable alternative energy source for an entire community, serving as a unique model for Pennsylvania and the nation.

The company chosen to manage the first phase of the biomass project is the German engineering firm of Lahmeyer International, which emerged as the winning bidder among 12 competing companies.

Lahmeyer will coordinate a team of leading engineering firms, three of which are German and two American. The role of these firms is as follows:

- Lahmeyer International will be in charge of Project Management and will contribute all necessary expertise relevant for dealing with any issues that may arise.
- OBrien & Gere (OBG), as the U.S. partner (with local offices in Philadelphia and Danville), will contribute expertise in local regulations, environmental permitting, site assessment, development of constructability reviews, and task estimation.
- GEF Ingenieur AG (GEF) will be in charge of the district heating transportation and distribution piping system, addressing issues associated with heat network system layout and design, including pipe stress analysis.
- Seeger Engineering AG (SEEGER) will be responsible for the engineering and planning of the biomass CHP plant. This will include all related issues from wood fuel storage and handling, to the supply of heat to the district network.

- Pennsylvania based international engineering consulting firm Gannett Fleming, Inc. will coordinate with the Lahmeyer team and oversee the massive water system infrastructure replacement project that the SWBLT hopes to dovetail with the district heat-piping project, offsetting construction costs for both initiatives.

Phase Two of the project will entail the actual engineering and design plans for the project and Phase Three is actual construction of the system. Phase Two and Three cannot proceed unless positive results are established in Phase One.

It is anticipated that a successful demonstration project in Smethport would stimulate the local economy by keeping energy dollars in the community, plus help stabilize the regional timber industry and keep forest crews working. The project would also generate jobs and spawn eco-energy tourism.

Oregon B2 Mandate Kicks In

This week, Oregon beat Pennsylvania to the punch, as it became the third state - after Minnesota and Washington - to mandate B2 blends be sold for on road use there. Massachusetts and Pennsylvania will also be requiring sales of B2 diesel blends, but those programs will not go into effect until 2010.

ERG met this week with Oregon officials, who said their only minor issue is keeping up with demand in small portion of eastern part of state where most biodiesel will be imported from other states. They noted that when biodiesel is shipped into Oregon, it must be retested to ensure ASTM standards at an accredited laboratory. All paperwork must be traced from the original source and the state Agriculture Department is enforcing that act.

Because the state had announced the mandate well in advance, no special actions were deemed necessary to take, although they admitted several companies had originally complained that they might not be able to meet the requirements. They told ERG that in general, they have not encountered major problems, and that an ample supply of biodiesel is available for blending.

Massachusetts - Throwing the Baby Out With the Waste Oil?

The Massachusetts Department of Energy Resources this week announced that it would ban all biofuels not made using waste feedstocks from qualifying under the state's Clean Energy Biofuels Act of 2008. To us, this action is like throwing the baby out with the waste oil, and will likely severely limit availability of biofuels in that state.

The act, heralded last year as encouraging the development of advanced biofuels and substituting biofuels for petroleum products, may now actually have the opposite effect.

ERG contacted Massachusetts industry members, who expressed disappointment and surprise at the Department's proposed regulations. "DOER will only accept applications for biofuels derived from waste feedstocks which, as defined and provided in the statute, are exempt from a detailed greenhouse gas reduction analysis, provided a preliminary analysis based on both CARB and EPA methodologies indicate such waste feedstocks will yield the 50% greenhouse gas reduction threshold in the Massachusetts law."

Click [here](#) to view the rest of this blog on ERG's Power Politics.

Comment Sought on New DEP Program - PA Green Energy Works!

The Department of Environmental Protection seeks public comments on guidelines for a new grant offering under the new PA Green Energy Works! program, which is aimed at reducing energy costs for consumers, businesses and local governments. The program is funded through the American Recovery and Reinvestment Act.

As a result of the Recovery Act, Pennsylvania is receiving \$99.6 million, which will be invested

through the PA Green Energy Works! and other energy grant programs. Pennsylvania will provide grants to businesses, non-profit corporations, colleges or universities, municipal or county governments, and economic development organizations for shovel-ready wind, solar, biogas and combined heat and power projects. The projects are expected to spur economic development by encouraging private investment, creating green jobs and building energy projects that will provide significant amounts of energy for decades to come.

Draft guidelines for the program are available for public review and comment at www.recovery.pa.gov under the heading, "Where is your money going?" and then by clicking on "Energy Independence." Comments will be accepted until Aug. 24, and should be sent to epapagreenenergy@state.pa.us or to DEP's Office of Energy and Technology Development, P.O. Box 2063, Harrisburg, PA 17105-8772

Following the review of public comments and recommendations, the department anticipates accepting applications for the new program beginning in early September.

Federal Tax Refund Applications Available for Renewable Energy Projects

Pennsylvania businesses pursuing renewable energy projects that qualify for federal tax credits are encouraged to apply for a direct refund from the federal government. The U.S. Department of Energy and the Department of Treasury announced the plan to support the development of approximately 5,000 renewable energy production facilities.

As much as \$3 billion in funding for the immediate federal tax credit program is being made available through the American Recovery and Reinvestment Act. A company that creates and places in service a renewable energy facility beginning Jan. 1, 2009 can receive an immediate cash payment to cover a portion of the project's cost. Previously a company would receive a tax credit. This new program would generate an immediate cash payment to cover the eligible costs in lieu of future tax credits.

Companies interested in applying for the federal refund program can visit <https://treas1603.nrel.gov/>. To learn more about how the federal economic recovery program will benefit Pennsylvania, visit www.recovery.pa.gov.

GRANTS

NEW PA DEP Grant Program Available for Renewable Energy Projects

The PA DEP announced yesterday that a new grant program, PA Green Energy Works!, offering up to \$52 million for shovel-ready solar, biogas, and combined heat and power projects will be available for businesses, non-profit organizations, colleges or universities, local governments, and economic development organizations. Funding for the program is provided through the American Recovery and Reinvestment Act, being passed through the PADEP.

The draft guidelines for PA Green Energy Works!, which can be accessed on the ERC website here, anticipate a grant application submittal deadline of October 16, 2009 for solar projects, with deadlines for biogas and heat/power projects still to be determined. The DEP expects that the program will open for applications in early September, following the review of recommendations and public comments.

Comments on the draft guidelines can be sent to epapagreenenergy@state.pa.us or DEP's Office of Energy and Technology Development, P.O. Box 2063, Harrisburg, PA 17105-8772.

Tax Credit Available for Alternative Energy Production Projects

The Alternative Energy Production Tax Credit Program, which provides a tax credit of 15 percent of the net cost of alternative energy production projects incurred between July 9 and Dec. 31, 2008. Types of eligible projects include solar, wind, geothermal, biologically derived methane gas, fuel cells, biomass and coal methane. There is a limit of \$1 million per applicant and \$5 million for

the program. Should the amount of approved tax credits exceed the limit, all tax credits will be pro-rated. Interested parties must apply for the tax credit by Sept. 15.

The application package including guidance, instructions and application forms is available by clicking [here](#). The application package is also available by contacting the Department of Environmental Protection, Office of Energy and Technology Deployment, 15th Floor, Rachel Carson State Office Building, 400 Market St., P. O. Box 8772, Harrisburg, PA 17105-8772, (717) 783-8411. Applications for projects must be mailed and received or postmarked by Sept. 15.

PA Conservation Works! Eligibility Guidelines Released

The PA Department of Environmental Protection (DEP) has released the final guidelines for its PA Conservation Works! (PACW) grant program. Applications will be accepted until August 14th.

Eligible applicants include local governments, bodies authorized to act on behalf of two or more local governments, municipal authorities, incorporated 501(c)(3) non-profit organizations, county conservation districts, colleges and universities.

Qualifying projects are required to be shovel ready, create or retain jobs and reduce energy consumption by a minimum of 25%. Click [here](#) to view detailed grant eligibility requirements and eligible projects.

DEP Accepting Applications for Clean Diesel / Alternative Fuels Grants for Airports

DEP is offering nearly \$500,000 in financial assistance to Pennsylvania airports and airlines wishing to undertake innovative, advanced fuel and vehicle technology projects for cleaner ground service equipment.

Airports and airlines may use the funding to replace or repower engines on dedicated ground service equipment such as baggage handlers and tow vehicles, apply the funds toward the purchase cost of alternative fuel or electric vehicles, or to install fleet refueling or recharging equipment. Projects may take as long as 12 months but must be completed no later than Sept. 30, 2010.

Applications are available electronically at www.depweb.state.pa.us, keyword, "Alternative Fuels." Completed applications must be mailed to Kelley Matty, Division of Air Resource Management, Bureau of Air Quality, Department of Environmental Protection, 12th Floor, Rachel Carson State Office Building, 400 Market Street, P.O. Box 8468, Harrisburg, PA 17105-8468. Applications must be postmarked or received by 4 p.m. on Aug.14.

EVENTS

[ARIPPA's 19th Annual Technical Symposium](#), August 25-27, Hershey

ARIPPA is a not-for-profit trade association comprising fourteen independent power producers in Pennsylvania that generate approximately 1400 megawatts of electricity by using environmentally-friendly Circulating Fluidized Bed (CFB) boiler technology to burn coal mining refuse. They will be hosting their 19th Annual Technical Symposium. Click [here](#) to view a list of presenters.

[World Green Energy Symposium and Exposition](#), September 13-15, Wilkes-Barre

The 2009 World Green Energy Symposium will showcase new, alternative, sustainable and innovative product development and green energy opportunities for businesses and the consumer at large. The Symposium's focus will include current policy information, new policy ideas and world policy views. It will focus on green technology options available and already succeeding as well as opportunities for networking, learning, exchanging, exhibiting and investing in the future of the new energy and green technology.

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

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

agriculture.

[The Pennsylvania Natural Gas Summit: Planning for Progress -- Infrastructure and Water in the Marcellus Shale](#), November 16-18, State College, PA

This summit will provide a forum to discuss and identify water, infrastructure, local government, legal and business issues, and impacts related to Marcellus Shale development in communities and regions.

This event is specifically for attorneys, legislators, legal authorities, county and municipal elected officials, planning officials, and members of county or community task forces, chambers of commerce, industry representatives, and community groups. To register, or for more information, visit www.program.psu.edu/natural-gas or call 800-PSU-TODAY (778-8632).

NEWS CLIPS

[U.S. Used Less Energy in 2008 But More Renewable Energy](#)

[DEP awards annual environmental education grants](#)

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