



## Alternative Energy Report

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**Power Politics**  
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### Budget "Not Falling Apart, Just a Roadblock" - Rendell

The "leadership budget deal," promoted for two weeks by three caucuses and Governor Rendell has hit a major roadblock, if not fallen through, leaving the Capitol in a renewed quandary about how or when the state will have a 2009-2010 budget.

House Democratic leaders, after two days of meetings with rank-and-file members, determined that they don't have enough votes to pass the proposed \$27.945 billion budget deal, and met with Governor Rendell and Senate leadership Thursday morning.

Unlike past budget and tax-hike packages, House Democrats will not have 15 to 25 House Republican votes to accomplish the deal. No more than a half dozen Republican members are considered potential votes for the budget package, and dozens of Democrats have opposed the deal for a variety of reasons ranging from taxes on small games of chance for volunteer fire companies to an absence of a severance tax on Marcellus Shale gas extraction.

The Governor Thursday afternoon said the deal was "not falling apart, but has hit a roadblock," as he asked the House and Senate to stay in Harrisburg until the budget was finished. He said he thought the eventual package would "metamorphosize" in the process.

Senate Republicans said, "If they're not able to honor the agreement, then we're back to square one. We've had enough talking. It's time for the House to do some voting on the actual bills. ... With the governor's support and the majority of the House being of his party, they should be able to pass the package we agreed to."

Rendell called on the House and Senate to stay in town until a budget could be finalized. He said, "God forbid we might address things like school consolidation loans, additions to the Alternative Energy Portfolio Standards or rate caps...the people's business is standing out there waiting to be done."

But even Democratic Senate leaders like Democratic Leader Bob Mellow (D-Lackawanna) took offense as the Governor's suggestion that the General Assembly wasn't on the job, noting that the Governor had not been active in the process, and calling on the Governor to "get engaged personally to help get this done."

During the House Democratic Caucus on Wednesday, members urged Majority Leader Todd Eachus (D-Luzerne) and Speaker Keith McCall (D-Carbon) to propose deleting from the budget the taxes on small games of chance and arts venue tickets, and the leasing of more state land for natural gas drilling. They suggested instead replacing revenues with new taxes on natural gas extraction and smokeless tobacco and cigars.

At AER press time, it appeared that a variety of legislation may actually be put to a vote in the House, including a gas severance tax and tax on cigars and smokeless tobacco. The House is scheduled to remain in session through the weekend, and may also put the current package up for a vote and, after it fails, seek alternatives.

"Our number one objective is to ensure that we have the \$1.2 billion in recurring revenue that is required to prevent a tax increase next year," House Democratic spokesman Brett Marcy said. "We are committed to finding that revenue while also being responsible stewards of the

environment. We believe we can still meet that objective."

Marcy added that the caucus and its leaders continue to support implementing a gas severance tax. Senate Republicans and the Governor have opposed such a tax, saying it would hurt a developing industry.

The Governor said again Friday that he opposes a gas severance tax "this year," and that he was convinced by the industry that this should not be considered until the industry has established itself firmly in the state.

When asked about including both leasing and a severance tax in bills to be brought up to the House, Marcy replied: "We don't believe that we are limited to just one option."

Meanwhile, Senate Democratic and Republican members continue to challenge House Democrats to live up to their end of the deal. Sen. Pileggi said the Senate Republicans had made numerous concessions to get legislative Democratic and gubernatorial support for the bill.

And so it goes...

### **Vote on Natural Gas Further Delayed**

By late Thursday, the expected House vote on a severance tax for natural gas drilling in the Marcellus Shale region has been postponed.

House Majority Leader Todd Eachus (D-Luzerne) said that members' concerns over the levy's absence prompted him to call for a vote on the measure, which is not part of the budget deal struck between House Democrats, both Senate caucuses and Governor Ed Rendell. At least 30 rank-and-file Democrats have criticized the deal because it leases additional state land for natural gas drilling to raise revenue, instead of levying the tax.

Eachus has said the framework of the budget remains in place, and that a tax on natural gas extraction appears to have no support in the majority Senate Republican caucus.

### **AFIG Program Opens**

DEP told ERG today that it plans to reopen the Alternative Fuels Incentive Program (AFIG) on Monday, October 5. AFIG was created in 1992 and has been amended to promote and build markets for advanced or renewable energy fuels.

The program invests in alternative fuels, deployment of fuel saving vehicles, fleets and technologies, including transportation projects that use mixtures of E85; liquid or compressed natural gas, liquid propane, hydrogen, coal - derived liquid fuel; electric hybrids; biodiesel/diesel blends as well as other potential R& D fuels.

An expected \$7 million will be available for grants under the AFIG program this fall, in addition to \$5.3 million that is available for the Biodiesel Production Incentive Program, funded through AFIG .

DEP officials told ERG Thursday that the program is being expanded this fall to include changes that parallel federal alternative fuels programs. ERG recommends potential applicants carefully read the new guidelines for specific information on program uses, qualifications, and eligibility for the awards.

More information will be available on the [DEP's AFIG website](#) on Monday.

### **U.S. Senators Unveil Climate Bill; Pa.'s Senators Remain Cautious**

This week the Clean Energy Jobs and American Power Act, was introduced by Sens. Barbara Boxer, D-Calif., and John Kerry, D-Mass. The bill imposes tougher greenhouse-gas emissions reductions than its House counterpart. It mandates a 20 percent reduction in greenhouse gases

by 2020 and an 83 percent reduction by 2050.

Pennsylvania Democratic Senators Arlen Specter and Bob Casey, have both said that the bill does not address their concerns about coal and other Pennsylvania industries that could be harmed by cap-and-trade legislation. Combined with a stiff Republican front, any Democratic defections would be enough to kill legislation in a chamber where 60 votes are needed to avoid a filibuster.

Specter issued a statement expressing his general support for fighting climate change "in a way that is economically responsible, environmentally effective and encourages action by other countries to achieve these goals," but he listed provisions in the bill that he feels need to be strengthened during his committee's deliberations. These, he said, include more funding for carbon capture and sequestration (the bill now provides \$10 billion) and more protection for steel and other heavy industry against foreign competition.

Casey said, "I can't count myself as a 'no' yet, but we're trying to work through some of these issues." He said he still must analyze the entire bill, but he'd like to see more help for the coal industry, in addition to protections for workers who might lose their jobs as industries shed payroll to pay for carbon permits. As for an emissions caps, Mr. Casey said he'd prefer the 17 percent reduction by 2020 that the House bill calls for.

Boxer has said that a stronger coalition of business interests on board with the Senate bill. It does make more concessions to industry by providing funding and incentives for carbon capture and storage technology, natural gas and nuclear power. The bill also leaves a crucial question open for debate: how to allocate emissions permits, which constitute the basis for the cap-and-trade market.

The bill's authors said that it uses a deficit-neutral mechanism to create green jobs - which they estimated at 2 million nationwide - while reducing funding for America's enemies through oil profits, in addition to environmental gains.

The Democrats may have enough difficulty wrangling their members together to pass a comprehensive climate change bill let alone the opposition they will face from most Republicans, a group of which held a news conference blasting the bill as a job-killer and called it "the largest tax increase in American history," in the words of Sen. James Inhofe, R-Okla. The Republicans said they would rather invest money in efficiency and alternative energy, while also exploring more domestic fossil fuels through offshore drilling and other means.

Republicans don't want emissions caps and a market for the right to pollute because, they said, utility companies will just pass on those costs to consumers at a time when they can ill afford it.

Still, Kerry said he has not given up on the minority party. "I'm convinced there are a number of Republicans who want to get this over the finish line, and we're going to continue to work with them," he said after the rally, in which no Republicans participated.

Some business interests have sided with the legislation, arguing that if no bill passes, the Environmental Protection Agency could impose harsher -- and more unpredictable -- restrictions under the Clean Air Act. EPA Administrator Lisa Jackson yesterday took a step in that direction, announcing a proposed rule to force large polluters to obtain permits which show that they are using the best technologies and energy-efficiency measures to control pollution."

### **Pennsylvania Receives \$36 Million from DOE for Energy Efficiency Projects**

DOE awarded more than \$36 million in American Recovery and Reinvestment Act funding this month to support energy efficiency and conservation projects in communities across Pennsylvania. Under DOE's Energy Efficiency and Conservation Block Grant (EECBG) Program, the funds will be channeled to Pennsylvania's State Energy Office (namely, the Office of Energy & Technology Deployment within the Pennsylvania Department of Environmental Protection) as well as local cities and counties to help lower energy use, reduce carbon pollution, and create green jobs across the Keystone State.

Pennsylvania's Office of Energy & Technology Deployment will receive more than \$23.5 million to establish the "PA Conservation Works! Program," which will award grants to local governments and non-profit entities with shovel-ready projects that promise energy efficiency improvements of at least 25%. Eligible projects include the installation of energy-efficient streetlights; retrofitting of high-efficiency furnaces, boilers, and air conditioners; efficiency upgrades at wastewater treatment plants; and the deployment of renewable energy technologies on or in government buildings. Other recipients of the EECBG awards include Allegheny and Delaware Counties, as well as Abington Township, Altoona, Cheltenham Township, Middleton Township, and York. DOE is continuing to review applications and will be making awards to additional cities and counties in the weeks to come.

The EECBG program was funded for the first time by the Recovery Act and provides formula grants to states, cities, counties, territories, and federally-recognized tribes nationwide to implement energy efficiency projects locally. Eligible efforts include the development of energy efficiency and conservation strategies, the development and implementation of advanced building codes and inspections, the creation of financial incentive programs for energy efficiency improvements, the delivery of energy efficiency audits and retrofits, the creation and implementation of transportation programs, and the installation of renewable energy technologies on municipal buildings.

### **Mensch Wins Election to State Senate**

Republican state Rep. Bob Mensch won an easy victory Tuesday to become the next state senator from the 24th District, and return the State Senate to a 30-20 Republican majority. Mensch, a two-term state representative from Montgomery County, defeated Anne Scheuring, a Democrat from Lansdale by more than 2-1 according to unofficial reports. With about 66 percent of the vote, Mensch won 12,496 to 5,730.

Mensch will serve until the end of 2010, completing the term of Republican Rob Wonderling, the 24th District senator since 2003, who resigned over the summer to lead the Greater Philadelphia Chamber of Commerce.

The 24th district includes parts of Montgomery, Bucks, Lehigh and Northampton. Mensch won all four counties.

### **EVENTS**

#### **Nuclear Energy Symposium**

Penn State University will host a conference on October 15th-16th on the future of nuclear power in Pennsylvania and the Mid-Atlantic region. The conference targets federal, state, and local government and agency officials, nuclear-related industries, researchers and academics. Economic and environmental opportunities and incentives for nuclear power will be featured, as well as current research and development. The conference will be held at the Penn Stater Conference Center Hotel in State College.

Registration can be completed online or by mailing the printable registration form. To register and for more information, click [here](#).

#### **LEED Implementation Training**

The GBA of Central PA will host a LEED Implementation Training in Harrisburg on October 22nd at the National Civil War Museum. A USGBC LEED Faculty member will describe the phases of a typical LEED project, providing guidance on LEED project team decision making processes. Participants will receive hands-on instruction with the LEED Rating Systems by working with several case examples throughout the day.

This workshop is intended for professionals who have an understanding of LEED for New Construction or LEED for Core & Shell Rating System that would like to increase their knowledge of implementation best practices. Individuals pursuing GBCI's LEED AP Building Design &

Construction credential should also consider attending. Early registration (by October 14th) is \$345 for employees of USGBC national member firms and \$445 for nonmembers.

For more information and to register, click [here](#).

[15th Annual National Ethanol Conference \(NEC\)](#), February 15-17, 2010, Orlando, FL.

NEC is the premier conference dedicated to delivering the most accurate and timely information on marketing, legislative, and regulatory issues impacting the ethanol industry. Registration for the event is \$550 for RFA members, \$650 for nonmembers

### **Pittsburgh Energy and Environment Week**

Of the 16 billion US dollars allocated to renewables and energy efficiency by the American Recovery and Reinvestment Act some 450 million dollars will be spent on projects in the Keystone State. Pennsylvania hosts the "Energy and Environment Week" (EEW), held on April 12 - 16, 2010 in Pittsburgh. EEW will bring together stakeholders from North American and Europe to talk business and new ventures.

EEW means five days of site tours, conference sessions, interactive workshops and exhibits. The focus is on energy and materials recovery from waste and biomass, the commercialization of hydrogen and fuel cells, and the potential of energy efficiency technologies for climate protection and cost cutting. One highlight of the event is the alternative fuel vehicle ride and drive. EEW co-locates with two established events, "Energy from Biomass and Waste" and "Hydrogen Expo", both of which have become leading industry gatherings. Organizer Freesen & Partner GmbH is a specialist in connecting people in growth markets.

More than 150 exhibitors and 2,000 delegates are expected to attend EEW 2010. Exhibiting companies can contribute to the conference program with a presentation on their technologies and projects.

Click [here](#) for more information on the Energy and Environment Week.

### **NEWS CLIPS**

[Dickinson Listed in Princeton Review's '2010 Green Rating Honor Roll'](#)

[Straight-talking Veteran of PA. Budget Battles](#)

[New Report Says Impacts of Climate Change Coming Faster and Sooner](#)

[Norfolk Southern unveils electric locomotive](#)

[Electric Utilities Commit to Plug-In Hybrids](#)

[Dominion Moves Ahead with \\$600M Gas Pipeline](#)

[Exelon Leaves US Chamber Over Climate Dispute](#)

[PG&E, Duke Energy Walkouts Show U.S. Split on Climate Change](#)

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