



Alternative Energy Report

October 15, 2009
Volume 3, Issue 21

Power Politics
[Power Politics](#) is
the official blog of
ERG.

Budget Passed - Energy Related Programs Affected; Some Funding Decisions Remain

While the General Assembly and Governor Rendell finally passed the guts of a \$27.83 billion state budget last week, work remains in passing gaming reform, table games, and funding for higher education and non-preferred appropriations.

The budget, fiscal code and tax code provisions signed into law contain several items of interest to alternative and renewable energy companies. The budget that passed is a \$27.83 billion package, which will be funded by \$2.1 billion from emptying out various surplus funds, \$438 million in new taxes this year, and \$270 million in taxes taken from special funds and put in the state's general fund. Another \$240 million is expected to come from the addition of table games and licensing fees from casinos, but that legislation remains to be finalized.

HB 1614, the fiscal code bill, requires leasing of State Forest land for natural gas drilling and makes many other changes. The bill does not set limits on acreage, bids, or royalties, but allows the Department of Conservation and Natural Resources to oversee the process by which \$60 million in 2009-2010 will be transferred from the Oil and Gas Fund to the General Fund. The bill requires the General Assembly to consider an allocation of these funds to municipalities impacted by a Marcellus well.

The final fiscal code bill eliminated the state's Alternative Energy Investment Tax Credit, and reduced the overall value of research and development tax credits to 67% of that allowed by current law. The combined value of these reductions and eliminations are estimated at \$38.3 million in 2009-10 and \$62.2 million in 2010-11. The new legislation allows immediate sale or assignment of tax credits. Current law provides a one year holding period.

The new law allows DEP to charge fees of up to \$150 to applicants applying for funds under the Alternative Energy Investment Act of 2008, and eliminates \$15 million in funding to DEP for the Consumer Energy Program for FY 2009-10.

HB 1531, the tax code bill signed last Friday, did not include a natural gas production severance tax, which was sought by the a majority in the House, environmental groups, and local governments. Governor Rendell had initially called for the tax, but this summer reversed his position, and opposed imposition of a severance tax in this budget year.

[MORE](#)

DEP Publishes Draft Climate Change Action Plan

The Department of Environmental Protection is now accepting comments on the Pennsylvania Climate Change Action Plan for a 30 day period. Comments are due by November 9. The report identifies 52 specific actions that would result in 95.6 million tons of carbon dioxide equivalent reduction in Pennsylvania's greenhouse gas emissions by 2020. Click [here](#) to view the draft.

Sen. Mary Jo White (R-Venango), Majority Chair of the Senate Environmental Resources and Energy Committee, said she was "mystified" why DEP failed to meet their statutory deadline for a final plan, opposed legislation to extend their time frame. She also said she was "very concerned with reports that DEP is attempting to dissuade members of the Climate Change Advisory Committee from participating in or crafting a minority report.

The Department will accept comments submitted by mail or by email. E-mail comments should be submitted to: epclimatereportcomments@state.pa.us. Written comments should be submitted to Joseph Sherrick, by means of the USPS to the Department of Environmental Protection, Rachel Carson State Office Building, 400 Market Street, Harrisburg, PA 17105. The Department will not accept comments submitted by facsimile.

PEDA Board Meets, Opens Duquesne Light Funding Applications

The Pennsylvania Energy Development Authority held its quarterly meeting October 14 in Harrisburg, considering actions to move forward with additional funding efforts in 2009-2010.

Tom Bell, PEDA's Executive Director said PEDA had reopened the application period for qualified projects in the Duquesne Light service area on October 13, with \$1.2 million available for grants. The application period closes November 6. PEDA staff expects 10-12 applications, and have already received interest from several nonprofit organizations. Bell said DEP had determined to limit the grants to \$250,000 per project. Board members questioned that decision, noting that the Allegheny Airport had just received a grant of \$800,000 from the same funds. Bell said that if there were fewer qualified projects, the ceiling could be lifted.

During discussion, members Gib Armstrong and PUC Commissioner Ty Christy asked about the types of projects PEDA is funding. Armstrong asked how many of the projects were "one off" projects (a one-time grant for a single project on a single site), and how many were being utilized to grow technology and create long term jobs, the original charter for the program. Bell said that the recent round of funding included \$9 million in ARRA funds, which were required to be spent on shovel-ready projects, rather than technology or development projects.

Christy noted that PEDA's charter was to sponsor innovative energy technologies, and questioned whether the program has recently focused too much on one off projects. Bell explained that with almost 400 applications in the recent round, there were too many projects that needed funds, and that they wished PEDA could have funded more in the technology side.

The Board discussed the scoring system and technical review process, and agreed to look at other state's successful programs to compare how projects are ranked and funded, to look for improvements in the PEDA processes.

The Board also discussed PEDA funding sources. It was noted that under current law, 2010 may be the final year of the transfer of funds to the Authority from the Growing Greener 2 bond issue, leaving a gap in the state's ability to assist with financing new energy technologies.

The Board will next meet on December 9, at which time, projects in the Duquesne service area will be considered and approved.

DOE Secretary Driving Policy

Biofuels Digest reported this week that Energy Secretary Dr. Steven Chu appeared to break with President Obama over action on renewable energy policy, telling stunned alternative energy developers at a recent meeting that "if it were up to me, I would put every cent into electric cars."

The remarks were made during a private meeting in the Department with industry representatives, but the agency quickly responded to the published report.

Dan Leistikow, Director of Public Affairs for DOE wrote, "Secretary Chu talks about the potential of biofuels in nearly every public speech, as well as on Facebook and YouTube. More importantly, Secretary Chu is providing nearly \$800 million in Recovery Act funding to develop and deploy the next generation of biofuels, which he believes must play an important role in our transition to a clean energy economy. He also recognizes how important it is to develop more advanced and efficient batteries, and make sure America's auto industry can lead in the production of plug-in

hybrids and electric vehicles. Anyone who has spent five minutes listening to Secretary Chu also knows he is one of the country's staunchest advocates for pursuing a broad portfolio of clean energy research, and has warned against investing all our resources in a single technology to the exclusion of all others."

ERG notes that our first introduction to Secretary Chu, when he was Director of the Lawrence Berkeley National Laboratory, was a discussion that focused on research he supported into advanced biofuels and other liquid fuels, including solar-based liquid fuels

Despite the funds available through ARRA, the DOE has closed \$1 billion this year in loan guarantees for all-electric luxury sports cars while releasing less than \$20,000 as of last month in ARRA funds for biofuels.

Coskata to Unveil Semi-Commercial Cellulosic Ethanol Plant

Cellulosic ethanol company Coskata Inc. will officially unveil its demonstration plant today in Madison, Pa., after a year and a half construction period.

Coskata was founded in 2006 with funding from Khosla Ventures, Advanced Technology Ventures and Great Point Ventures, and made a significant public debut in January 2008 when General Motors Corp. announced at the North American International Auto Show in Detroit it would invest an undisclosed amount of money in the company.

Coskata employs a three-step process technology that is capable of converting multiple feedstocks including woody biomass, agricultural waste, energy crops and construction/industrial wastes into synthesis gas. The syngas undergoes bacterial fermentation using Coskata's proprietary microorganisms, and is converted into ethanol without using enzymes.

Coskata describes the facility as "minimum-scale engineering," meaning it is the exact size that will allow the company to scale to 50 MMgy and 100 MMgy facilities. The \$25 million plant, located 30 miles southeast of Pittsburgh, is co-located with a pilot-plant gasifier owned and operated by a unit of Calgary, Alberta's Alter NRG Corp.

GM will use the ethanol produced at the facility for testing in flexible-fuel vehicles at its Milford, Mich., proving grounds.

DOE Launches Online Resource to Help Local Governments Expand Use of Solar Energy

The U.S. Department of Energy today announced the availability of a new online resource for local governments that assists community leaders and local stakeholders in building sustainable local solar markets. The online publication, *Solar Powering Your Community: A Guide for Local Governments*, provides local governments with proven best practices enabling them to drive economic development, support clean energy jobs, and reduce carbon emissions by building a robust local solar market.

"The Guide is based on successful projects in cities across the United States, bringing together information, best practices, and step-by-step instructions into a single resource that can help local governments accelerate the adoption of solar technologies," said Solar Energy Technologies Program Manager John Lushetsky. "The recommendations in the Guide have been successfully field tested in cities around the country, making it a valuable resource for any community that wants to reap the environmental and economic benefits of solar energy."

Solar Powering Your Community: A Guide for Local Governments is available on the [Solar America Cities Web site](#).

GRANTS

DEP Announces \$7 Million ARRA Funding Program for Solar Projects

The PADEP Green Energy Works! Program is now accepting applications for \$7 million in federal American Recovery and Reinvestment Act funds to finance solar projects. All projects must create jobs, be shovel-ready within six months, and be completed within 24 months and before April 30, 2012. Eligible applicants are businesses, non-profit organizations, colleges or universities, local governments, and economic development organizations.

The application deadline for combined heat and power projects is November 6, 2009. For more information and application guidelines, click [here](#). Applications for biogas projects are still being accepted until October 23, 2009. Applications for all projects must be submitted via the Environmental eGrants system.

PADEP is expected to accept applications in the near future for the remaining \$20 million in PA Green Energy Works! to finance wind projects.

AFIG Program Opens

The Alternative Fuels Incentive Program (AFIG) reopened 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 .

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 is available on [DEP's AFIG website](#).

EVENTS

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. Click [here](#) for more information.

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

[Milton council backs solar farm idea](#)

[Hydropower Represents Incredible Untapped Energy Potential; Could Create Thousands of Jobs](#)

[Philadelphia Receives \\$14.1 Million in Energy Efficiency, Conservation Recovery Funds](#)

[PUC Releases Updated Estimates Comparing Current Market Prices with Capped Electric Generation Prices Paid Today Under Electric Competition Act](#)

[Climate Bill Signing 'Not Going to Happen' by Copenhagen](#)

[Obama, Voters Don't See Eye-to-Eye on Global Warming](#)

**COPYRIGHT © PENNSYLVANIA ENERGY RESOURCES GROUP, LLC.
ALL RIGHTS RESERVED**

We're on the Web!

See us at :

www.pa-erg.com

Energy Resources Group

200 North Third St. | Suite 1100 | Harrisburg, PA 17101

Phone: 717-233-8606 | Fax: 717-233-8665

E-Mail: info@pa-erg.com