



Alternative Energy Report

November 12, 2009
Volume 3, Issue 10

Power Politics
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the official blog of
ERG.

CFA Approves Solar, Geothermal, Clean Energy, Biofuels Projects

This week, the Commonwealth Financing Authority (CFA) met and approved dozens of new energy projects for grants and loans in Pennsylvania.

Meeting in Harrisburg, the CFA approved \$13 million in grants and loans for solar projects, an additional 13 loans for various geothermal projects, \$1.5 million in grants and loans for two biofuels projects, and several Alternative and Clean Energy grants including a feasibility study.

A full list of approved projects will be made available on the [PA-ERG website](#) when available.

Corbett Announces Additional Grand Jury Indictments

Former Pennsylvania House Speaker John Perzel (R, Philadelphia) was among 10 people connected to the House Republican caucus who have been charged in a new phase of a legislative corruption probe.

Attorney General Tom Corbett said Thursday that Perzel, his former chief of staff and former House member and GOP counsel Brett Feese were among those charged with misuse of public resources and employees for campaign purposes. The ten are accused of illegally siphoning more than \$10 million in taxpayer money to underwrite political campaigns.

Corbett announced the latest charges in the ongoing grand jury investigation at a Thursday news conference at his Harrisburg office. He said the investigation was continuing and that more arrests were anticipated.

25x'25 Releases University of Tennessee Study Analyzing Impact of Climate Change Legislation on U. S. Agriculture

Net returns for virtually all major crops are positive under a properly constructed cap-and-trade program, according to a University of Tennessee study released this week by 25x'25. However, the study goes on to show that if carbon emissions are regulated by EPA as prescribed under a 2007 Supreme Court ruling, net farm income is projected to fall below baseline projections.

The Analysis of the Implications of Climate Change and Energy Legislation to the Agricultural Sector, the long-awaited and comprehensive assessment by the University of Tennessee's Bio-Based Energy Analysis Group, says that an operationally efficient cap-and-trade program that allows multiple offsets, including those for bioenergy crop production, while restricting the removal of crop residues to acceptable, environmentally beneficial levels, offers positive net returns for eight of the nine major crops analyzed.

Furthermore, at a meaningful but moderate carbon price of up to \$27 per metric ton of carbon dioxide (MtCO₂e) - a price level projected by EPA - no cropland is expected to be converted to forests. In fact, no major shifts in commodity cropland use are expected under a properly constructed cap-and-trade system.

According to John Nikoloff, Pennsylvania 25 x '25 State Coordinator, "The demand for bioenergy feedstocks under an optimal cap-and-trade scenario should result in significant increases in hay and dedicated energy crop acreage through pasture conversion, though crop and livestock prices are not disrupted. And biomass feedstock production would offer the environmental benefits of significant direct and indirect reductions in greenhouse gas (GHG) emissions."

The study, which compared four scenarios against USDA baseline projections, shows that in addition to pushing farm income down, EPA regulation, coupled with domestic offsets limited to afforestation alone,

could result in the conversion of sixty million acres of cropland into forests and grasslands.

For more information, or to view the study, click [here](#).

PUC Seeks Comments on Addressing Possible Barriers to New Solar Development in PA

The Pennsylvania Public Utility Commission (PUC) is seeking comments on a proposed policy statement to address possible barriers that prevent new solar projects from becoming a reality in Pennsylvania.

"The attached proposed [policy statement](#) is designed to provide a foundation from which we can achieve these solar renewable energy goals at least cost to Pennsylvania consumers," said Commission Chairman James H. Cawley in a motion "More specifically, this policy seeks to provide the longer term revenue stability that is likely needed to support both small scale and large scale solar development, and to address other barriers which could prevent new solar projects from coming to fruition in Pennsylvania."

The Commission voted 4-0 to seek comment on the proposed language. The proposed policy statement:

- Defines large- and small-scale solar projects;
- Recommends using requests for proposals to establish solar renewable energy credit (SREC) values recoverable as a reasonable expense;
- Establishes a stakeholder working group of electric distribution companies, electric generation suppliers, Commission staff, public advocates, solar aggregators and other interested parties to ensure SREC contracts reflect the most recent developments in Pennsylvania law and energy policy; and
- Encourages consumer education of retail customers of the opportunity to sell SRECs in support of local development of solar resources.

The Order and proposed language will be published in the Pennsylvania Bulletin, which will contain information on how parties can provide comments.

DEP to Propose New Drilling Regulations

DEP's Oil and Gas Technical Advisory Board to DEP had proposed changes to PA 25 Chapter 78 in September, and approved draft amendatory language to the regulations October 28.

The approved recommendations would:

- Outlaw open hole completions
- Mandate testing of the integrity of existing wells
- Mandate testing of surface casing seals on future wells
- More fully incorporate API cementing standards and standards for casing
- Establish a protocol for the regulated community if faced with alleged gas migrations which focuses first on stabilization of the situation to protect people and property.
- Clarify the water supply restoration and replacement obligation when a water supply is affected by an oil and gas well, and
- Add provisions to ensure safety equipment used in drilling new wells will function properly

Officials Say Wastewater from Gas Drilling Needs Alternative Treatment Options

During a House Republican Policy Committee hearing, state officials said that the commonwealth's rivers may not be able to dilute wastewater effectively as natural gas drilling expands, and proposed a regulation seeks to limit the amount of solids flowing into those streams.

Limiting industrial discharges to 500 parts per million would prevent overburdening streams, as well as help maintain the quality of drinking water, said officials from the Department of Environmental Protection. But others at the hearing called the level allowed in the proposed rule "arbitrary," and said it would increase business costs in spite of current alternatives.

Concerns have arisen about the potential impacts of gas drilling on surrounding water supplies as drilling has skyrocketed in Pennsylvania. Several communities, such as northeastern Dimock, have reported methane in local drinking water and other contaminants after drilling rigs have begun work.

Industry officials have repeatedly denied any link between the hydraulic-fracturing process used to break apart the shale rock and instances of groundwater pollution.

A variety of materials - including natural compounds and road de-icing runoff - contribute to the level of total dissolved solids (TDS) in a waterway, said Ken Zapinski, senior vice president for transportation and infrastructure at the Allegheny Conference on Community Development.

That combination of materials makes it difficult to trace the higher levels of dissolved solids back definitively to natural gas drilling, Zapinski said. And putting a limit on industries that discharge water with dissolved solids would cost billions to comply, he estimated.

It takes about 3.5 million gallons of water to drill a Marcellus Shale well, according to industry figures. With options for diluting wastewater becoming limited, Furlan said the drilling industry has found more ways to reuse water.

The majority of water used in current drilling operations can be reused, often by blending it with additional water, said Scott Blauvelt, a general manager with East Resources. In some areas, water and sewage treatment authorities will purchase and clean the water, providing those agencies with a new revenue stream.

Representatives' Predict Future Tax on Natural Gas Drilling

This week Rep. Bill Adolph (R-Delaware) and Rep. Gene DePasquale (D-York) both made predictions that there will be a tax on natural gas drilling in the near future.

Adolph said the tax was not passed this year after "the governor took it off the table." Adolph also said the industry was still growing and starting up in the state. He added: "Once that industry gets up and running, I am sure there will be a tax" on natural gas extraction."

Senate Republican leaders have not ruled out a future tax increase on natural gas extraction. They argued that enacting a tax would give companies a disincentive to come here and drill and create jobs and pay royalties to the state and other landowners. DePasquale and other Democrats argued that the companies created jobs and drilled for natural gas in other states despite similar taxes and would do so here.

After proposing that tax in his budget plan, Rendell announced Aug. 31 that he no longer favored the tax for this year. After the House passed it a month later, Rendell later said he would be agreeable to the levy if it took effect July 2010 or after.

U.S. Senate Democrats Pass Carbon Plan Over GOP Boycott

In Congress last week, the Senate Democrats won committee approval this week of a "cap-and-trade" bill to reduce U.S. greenhouse gases over the objection of Republicans, who say the legislation is being rushed.

Eleven of the 12 Democrats on the Senate Environment and Public Works Committee backed the measure. Senator Max Baucus (D-MT), voted against the bill. None of the seven Republicans on the committee were present for the vote.

The legislation had been tied up in the committee for two days by the Republicans, led by Senator James Inhofe (R, OK), who said the bill's impact on the economy hadn't been adequately studied. They boycotted most of the panel's meetings this week to try to prevent a vote until the Environmental Protection Agency reviews the bill further.

House Leader Barbara Boxer (D-CA) said the Republican call for more study was a stalling tactic. The Senate cap-and-trade proposal draws heavily from legislation that passed the House in June, and the EPA's studies of that measure were good enough for the committee to vote, she said.

While the House bill aims to cut emissions 17 percent below 2005 levels by 2020, the Senate measure calls

for a deeper cut of 20 percent. The panel's Democrats, who outnumber the Republicans 12-7, said voting without any Republican present is allowed under the environment committee's rules.

Meanwhile, Baucus said he will work outside the committee to develop "meaningful, balanced climate change legislation" that can win the 60 votes that are typically required in the Senate to pass major legislation.

GRANTS

Environmental Education Grants Available

The PA DEP recently announced an environmental education grants program available to schools, universities, county conservation districts, nonprofit organizations and businesses for 2010 grant awards. The funds underwrite environmental education projects promoting sustainable energy sources and technologies, air quality, watersheds and wetlands, Chesapeake Bay watershed nutrient and sediment load reduction, and carbon capture and storage. Grants range from \$7,500 to \$20,000.

Applications are due by December 18th. Click [here](#) for more information and an application form.

EVENTS

Biomass Energy Project Assessment Workshop

Clearfield County Career & Technology Center, December 17-18

Biomass heat is growing in popularity for commercial and institutional buildings - schools, hospitals, and even greenhouses are finding that biomass heat is clean, economical, and renewable. This hands-on, 1- 1/2 day workshop will train you to assess whether or not biomass heat is a feasible option for a building. Sponsored by PA Fuels for Schools and Beyond, there is a \$10 registration fee. Make check or money order payable to: Pocono Northeast RC&D Council, 1300 Old Plank Road, Mayfield, PA 18433.

If you have any questions, please contact [Ryan Koch](#) (570-282-8732 ext.610) or [Dan Ciolkosz](#) (814-863-3484). For more information, visit www.pafuelsforschools.psu.edu

Fuel Cells Durability and Performance, December 8, Washington, D.C.

The 5th Annual Conference in the Knowledge Foundation's Fuel Cells Durability & Performance series will provide an interdisciplinary discussion forum for fuel cell developers, manufacturers and suppliers working in the fields of fuel cells. Click [here](#) for more information.

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.

Energy and Environmental Week, Pittsburgh, April 13-15, 2010

The Energy and Environment Week (EEW) includes five days of site tours, conference sessions, interactive workshops and exhibits. The focus is on the commercialization of hydrogen and fuel cells, energy and materials recovery from waste and biomass, and the potential of energy efficiency technologies for climate protection and cost cutting. More information: www.ee-week.com

NEWS CLIPS

[Survey: Economists See Threat in Climate Change](#)

[Coal Plant in South Dakota Shelved Due to Climate Concerns](#)

[Hydropower Upgrades to Yield Added Generation Lowered Cost Without New Dams](#)

[U.S. Department of Energy Celebrates New DOE Owned 1.5 MW Research Wind Turbine](#)

[Wood: Not the Renewable Some Had in Mind](#)

We're on the Web!

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