



Alternative Energy Report

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Power Politics

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

PA Energy Resources Group has much to be thankful for this season. We wish you all a very Happy Thanksgiving!

Fall Recess Continues

The Capitol has been relatively quiet for the past two weeks, with the House briefly meeting last week, but conducting no major business. The Senate is not slated to return until the week of December 15. The House is scheduled to return December 7, but unless House/Senate leaders can begin to reach accord, little substantive legislation can be expected.

Cuts in this year's \$27.8 billion budget last week resulted in layoffs of 319 state employees, including another 138 in DEP. DEP has assumed the largest number of job cuts of any state agency. Neil Weaver, DEP Communications Director, said oil and gas permitting staff will not be affected. With the increased fees on oil and gas permits, DEP actually hired more staff in that Bureau. Weaver said some furloughs would be in permitting departments, which will result in longer waiting periods.

DEP will also eliminate about \$15 million from the Keystone Help consumer energy grants and loan program, which will result in job eliminations in those program areas.

Bill Introduced to Address Exemption for Alternative Energy Systems

Rep. John Hornaman (D-Erie) has introduced HB 2109, which would amend Titles 53 (Municipalities) & 68 (Real & Personal Property) providing for a temporary exemption for alternative energy systems.

Hornaman told ERG that the legislation would exclude any Tier I alternative energy sources and systems installed on a property from being considered as an improvement for the purpose of property tax assessments. This exclusion will last for a period of ten years. The legislation would be an additional incentive for development and use of these alternative energy systems.

Alternative Fuel Vehicles Resolution Introduced

Last week Rep. Jim Marshall (R-Beaver) introduced HR 543, a resolution requesting the U.S. President to urge American automobile manufacturers and automotive retail industry to offer a wider variety of vehicles that are powered by diesel, bi-fuel and flex fuels for sale to the American motoring public.

Pennsylvania Gets Federal Grant to Help Workers Find, Train for "Green" Jobs

Pennsylvania is set to receive \$1.25 million in federal stimulus money to create an automated system through workforce agencies to help link workers to training and jobs in "green" industries.

U.S. Secretary of Labor Hilda L. Solis announced the allocation last week, which is part of \$500 million in federal stimulus money targeted to prepare workers for careers in energy efficient and renewable energy industries.

The money in Pennsylvania will be used to help create an automated program through CareerLink and other agencies that workers can use to find training programs in "green" industries. It will offer information from education to wages.

US Senate - Climate Bill Debate in 2010

The US Senate will act in early 2010 on legislation to battle climate change, Democratic Senate Majority Leader Harry Reid said Tuesday, ending hopes of a breakthrough by next month's global talks in Copenhagen.

"We are going to try to do that sometime in the spring," Reid told reporters, with a White House-backed push to remake US health care still dominating the Senate agenda just weeks before the congressional session ends.

The decision confirms that Congress will take on this challenge in what is likely to be a bitter debate in a mid-term election year, potentially making it harder to corral some of the swing-vote Senators needed to ensure passage of the bill.

The lines hardened this week with the leak of a spate of emails from University of East Anglia's Climate Research Unit's that show researchers colluding to exaggerate warming and undermine skeptics. (See clip below). Sen. James Inhofe (R, Kansas) who opposes the concept of global warming referred to the emails in a Senate hearing this week telling Energy Czar Carole Browner, "We won, you lost, get a life." Senator Barbara Boxer (D, California), author of the Senate bill, said, "Our position is, let's do it all. Slicing and dicing isn't going to work. It's time to finally have comprehensive energy legislation in this country." Battle lines are well drawn, but we expect a compromise to be reached and legislation to move during the 2010 election cycle.

Both House and Senate bills would create a cap-and-trade program. Firms that emit less than their quota would be allowed to sell their surplus allocation to others that exceed theirs. Those in excess could also face fines.

The Senate text - which will change considerably before a final vote (cosponsor Sen. John Kerry of Massachusetts is already working with a bipartisan group to seek compromises and votes for final passage) - also makes a push for nuclear energy research and training, and promotes natural gas as a clean energy source.

Biodiesel Tax Credits Expiring - Push on for Extension of \$1 per gallon Credit

Congressional staff members told ERG that the \$1 per gallon biodiesel blenders' tax incentive, which expires December 31, will likely be part of an omnibus tax extender legislation now being drafted by the Senate Finance Committee. Absent the biodiesel tax incentive, the use of biodiesel in the marketplace will be cost prohibitive, and the domestic production and use of biodiesel will be significantly reduced.

ERG met with state and federal officials in the last two weeks on this issue, and for ongoing legislation to extend biodiesel tax credits for five years.

This week, Pennsylvania biodiesel industry leaders went to Washington seeking support of S. 1589, the Biodiesel Tax Incentive Reform and Extension of Act, introduced by Senators Maria Cantwell (D-WA) and Charles Grassley (R-IA), and H.R. 4070, companion legislation introduced yesterday by Representatives Earl Pomeroy (D-ND) and John Shimkus (R-IL). These bills would improve administration of the incentive, eliminate potential abuses and improve tax compliance.

Ethanol lobbyists are urging lawmakers to include a provision that would allow gas stations to receive a tax credit to cover as much as half the cost of installing blender pumps.

Members of the House Ways and Means Committee and Senate Finance Committee will be drafting the legislation. Under current law, gas stations can only receive the Alternative Fuel Vehicle Refueling Property Credit for the installation of E85 pumps. Although the majority of the provisions in the tax bill will simply be extensions of existing law, the committees have said they will also include provisions that are "technical corrections" of existing law.

Penn State WoodPro TechNote

Biomass can be a major source of renewable energy in Pennsylvania and across the United States. Some questions are being raised about the effects of wood utilization in cellulosic ethanol production, thermal applications, co-firing biomass in coal fired plants to reduce emissions, and combined heat and power operations on cost and availability of wood resources.

Penn State University's School of Forestry has developed a Technote on the resource aspects of wood co-firing for electric generation. ERG has been told that even a small percentage of wood use in coal-fired generation plants would immediately have an adverse impact on other wood users. PSU plans follow-up Technotes on the economics and carbon realities of the issue. Click [here](#) to view the brief.

Rep. Everett Takes on Proposed Outdoor Wood-Fired Furnace Regulations

Lycoming County Representative Garth Everett (R), this week said in a news release that proposed DEP regulations on outdoor wood-fired furnaces are "a perfect example of state government getting involved in local issues where the state has no business or interest...What's next - is DEP going to tell us that we cannot have a fire in our fireplaces, use our indoor wood stoves or have campfires at our river lots, cabins and camps? This is just crazy, wood is a homegrown, renewable energy source that is abundant and inexpensive in rural Pennsylvania."

DEP will hold the last of four statewide hearings on the proposed outdoor wood-fired furnace/boiler regulations at 1 p.m. Wednesday, Dec. 3, at the DEP North Central Regional Office in Williamsport.

Under the proposed regulations:

- A person may not purchase, sell, offer for sale, distribute or install a boiler unless it meets Phase 2 standards for efficiency.
- New boilers must be installed at least a minimum of 150 feet from the nearest property line.
- New boilers must have a permanently attached stack that must be at least 10 feet above ground and extend at least two feet above the highest peak of the highest residence located within 150 feet of the boiler.
- Existing boilers that do not meet Phase 2 standards must also have a permanently attached stack that is at least 10 feet above ground and extend at least two feet above the highest peak of the highest residence located within 500 feet of the boiler.
- Only clean wood, wood pellets made from clean wood and certain home heating oil, natural gas or propane fuels can be used in the boilers.

The regulations are currently open for public comment. Comments must be received by the Environmental Quality Board by Jan. 4, 2010.

E15 Decision Looming

It is anticipated that EPA will be issuing a decision or a statement shortly on the Growth Energy Green Jobs Waiver, submitted in March, which seeks to raise the blend wall to E15. By statute, EPA has 270 days to respond to the Growth Energy waiver, which would mean that the agency should comment by the first week of December, if not before.

E15 would create much greater market certainty - adding as much as six billion gallons of capacity - that in turn will draw capital investment to underwrite development of cellulosic ethanol. This is a critical decision for the industry, and for the nation. Moving to E15 will create 136,000 new jobs. Ethanol also means fewer greenhouse gas emissions.

EVENTS

Electricity Competition: Good for the consumer and the environment, Dec. 3, Harrisburg. PennFuture is hosting a free conference at the Hilton Hotel in Harrisburg on the consumer and

environmental benefits to electricity competition. Space is limited, and registration is required. Register at [PennFuture's website](#) by Monday, November 30.

Sustainable Biomass Resources for the Northeast, Dec. 3, State College

This workshop will show that a successful, sustainable, and growing biomass energy industry in the Northeast can only be achieved if the industries and practices that emerge work in harmony with the unique aspects of the existing geography, climate, and land use patterns. This one day workshop that will focus on the key issues that will determine the potential for a sustainable biomass industry in the region.

Topics covered include sustainable feedstock resources, farm and forest production strategies, and logistics and conversion technologies. Presentations will be by Cornell, Michigan State, and Penn State University researchers reporting on multistate studies supported by the NE Sun Grant, the US Forest Service, and the Chesapeake Bay Commission.

Click [here](#) to register or for additional information.

Showcasing Innovative Local Energy Projects, Dec. 4, Lewisburg

SEDA-COG's energy section will sponsor a breakfast seminar featuring local examples of energy savings through innovative projects. SEDA-COG bills the breakfast as an opportunity to learn about exciting energy efficiency, renewable energy and alternative energy projects that have been undertaken throughout our region.

The cost is \$25. Click [here](#) for more information, or to register.

Click [here](#) to view additional upcoming energy-related events.

NEWS CLIPS

[Poll: 47% Blame Global Warming on Planetary Trends, Not Human Activity](#)

[California moves on its own Cap and Trade Program](#)

[Cost Study for PA's Chesapeake Bay Nutrient Reduction Goals](#)

[Pa. Residents Sue Gas Driller for Contamination, Health Concerns](#)

[E-mail leak turns up heat on global warming advocates](#)

[Forest Service says trees can slow climate change](#)

[Ocean Losing Its Appetite for Carbon](#)

[Study Finds Biodiesel Returns More Energy Than Ever](#)

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