



Alternative Energy Report

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Holiday Deadline Closing In On Energy Initiative

The prospects for passage of an energy package in 2007 are getting dimmer by the minute, with just one week left for session in the State Senate, and possibly two weeks in the state House of Representatives,

ERG is continuing to meet with the House and Senate, and preliminary talks have begun between leadership of the two chambers on electric caps and smart meters legislation (Title 66), but agreement has not been reached on a version acceptable to both. The other major pieces of the Special Session agenda – funding for alternative energy development and a biofuels production and incentive package, are essentially out of time.

The Senate has moved several bills out of its Special Session Energy Policies Committee, and they could be voted on as soon as next Tuesday or Wednesday. This includes SB 1, which would provide a total of \$650 million in tax credits, energy efficiency and conservation programs and bond funds. SB 1, we have been told, will get new amendments in the Appropriations Committee early next week, and Senate leadership hopes to pass the bill before it takes leave of the capitol for the Holidays.

Two biofuels bills, SB 36 and SB 22 are also slated for consideration and amendments in the Appropriations Committee, and they too may be voted on by the full Senate before its scheduled recess on December 12. The bills now establish requirements for biodiesel use mandates based on production, and slight increases in incentive payments for alternative fuels producers. Efforts will be made to include ethanol in any mandate legislation, to revisit the “renewable diesel” language put into SB 36, and to significantly increase the producer incentive payments, now just five cents per gallons. Other states have similar programs which equate to more than 40 cents per gallon, putting Pennsylvania producers at a disadvantage in the marketplace.

But even if these bills pass the Senate, they will almost certainly NOT get consideration by the House until January at the earliest. Rank and file House members have told their leadership that they want public hearings on their own versions of these bills, including HB 1, their alternative energy funding package, which would make major changes in the organization and operations of the Pennsylvania Energy Development Authority.

ERG learned this week that a House vote on HB 2, the Clean Fuels and Energy Independence Act, has been delayed at the request of its prime sponsor Rep. Mike Gerber (D, Montgomery County) over concerns about multiple amendments that could impact the bill if brought to the floor.

Further compounding the problems in the House was the walkout this week by 12 members of the Black Caucus, which told leadership they would not return to the floor to vote on Open Records or other legislation until they were assured that they would get full House consideration of gun control measures. It was unclear whether they intend to boycott the remainder of the year’s legislative sessions, but without those

votes, the Democrats, with a one vote majority, will not easily be able to find the 102 votes necessary to overcome partisan opposition to any legislation.

House Appropriations Chairman Dwight Evans, D-Philadelphia, said on Wednesday, “we will come back and pass our major issues next week: health care and hazardous waste clean-up are the issues we care about most.” Energy was not one of the top priorities mentioned by Evans in his remarks.

PA-ERG and Pennsylvania Biodiesel Industry Battling Multinational Oil Firms

It was bad enough when the US Department of the Treasury approved a request by international oil companies to expand the definition of “renewable diesel” in federal law allowing them to take advantage federal tax incentives intended to promote US agriculture and encourage growth of the domestic renewable fuels industry.

But now, not satisfied with taking federal tax dollars out of farmers’ pockets by adding raw oils and fats to their diesel fuel and oil, some oil companies have come to Harrisburg and are working hard to persuade the General Assembly that “renewable diesel,” diesel oil with up to five percent of these fats, is equivalent to 100 percent biodiesel.

The policy goal of biodiesel incentives has always been clear – to help develop a domestic biodiesel industry that expands our capacity to produce fuels and replace foreign oil with home-grown products. The state and federal incentives have been working.

But an amendment inserted into Sen. Mary Jo White’s biodiesel production and incentive act by the Senate Energy Policy Committee could be a huge roadblock to new investment in Pennsylvania’s agriculture and biodiesel industry. ERG is urging supporters of alternative energy to contact their State Senators and members of the House of Representatives to ask them to oppose any legislation that allows substitution of renewable diesel for B100 biodiesel.

The amendment would allow oil companies to process animal fats with hydrocarbon feedstocks and produce a fuel that meets federal standards for diesel, and to have that product, with a very small percentage of bioproduct be substituted for B100 production in triggering mandates.

Pennsylvania’s biodiesel producers, the Pennsylvania Farm Bureau, and statewide environmental organizations are uniformly opposed to this substitution, which lets big oil beat back a truly renewable fuel.

[More...](#)

Rail Projects Get Boost Under Amended Senate Energy Bill

Last week, the Senate Appropriations Committee passed an amendment to the Alternative Energy Investment Act (Special Session Senate Bill 1) that expanded definitions of an "alternative energy production project" to include projects intended for the "development or enhancement of rail transportation systems that deliver alternative or renewable fuels."

This is a big step forward for railroads in Pennsylvania. Railroads and reliable rail infrastructure have important roles to play in the transport of both raw goods and renewable fuels.

At the beginning of the Special Session, ERG working in conjunction with McFarren & Associates, offered a set of proposals to help Pennsylvania succeed in the energy game before the Senate Environmental Resources and Energy Committee. One such proposal called for "dedicated funding for a targeted rail freight improvement program for the construction/rehabilitation of necessary infrastructure to access ethanol and biodiesel facilities." It is very encouraging to see this proposal included in SS SB 1.

Although the bill needs final passage in the Senate and House of Representatives before it becomes law, the rail investment inclusion is very reassuring. ERG will continue to push for common sense incentives and solutions to the emerging energy crisis in Pennsylvania, including how railroads can help to drive the energy agenda forward.

"The rail requirements for commercial oilseed processing, ethanol and biodiesel production facilities and terminals/distribution sites are significant - economics dictate delivery of feedstock and transportation of finished project in unit trains," John Nikoloff, President of ERG said in recent testimony.

Rendell Announces 2008 Cellulosic Biofuels Summit; Urges Passage of Federal Farm Bill

During the annual Chesapeake Executive Council meeting, Governor Rendell advocated two issues he believes are important to the future health of the Chesapeake Bay – the passage of the Federal Farm Bill and a biofuels summit.

The Governor announced Pennsylvania will host a biofuels summit in 2008 to discuss how developing new cellulosic ethanol production technologies can protect the bay and its watershed. The summit will include experts on the emerging issues and opportunities associated with cellulosic ethanol who will meet with state and federal policy makers. Rendell said the group will focus on issues such as sustainability, forest and wildlife health, energy demands, water quality and how best to develop the technology within the bay region.

Rendell also urged the U.S. Congress to pass the 2007 Farm Bill before year's end. The Farm Bill authorizes and guides the nation's agricultural, rural development, soil and water conservation, and domestic and foreign food aid programs. The current set of bills that was passed in 2002 will expire at the end of the year. Farm Bill conservation programs are critical in the Chesapeake Bay region due to the cost-effective water quality benefits achieved by the best management practices it funds.

Green Holding Announces Agreement with Local Trade Unions to Build Ethanol Plant in Schuylkill County

Earlier this week, Green Renewable Energy, Ethanol & Nutrition-Holding, LLC (GREEN Holding) signed an agreement with the Schuylkill County Building & Construction Trades to construct an ethanol facility on a three hundred acre ash/coal reclamation site in Tremont, Schuylkill County.

The \$340 million bio-fuel project has gained tremendous momentum, and when operational, the plant will annually produce 120 million gallons of ethanol; 360,000 tons of distiller's grains- used as animal feed; 300,000 tons of carbon dioxide-used for beverage carbonation and dry ice; and 3-5 million gallons of bio-diesel from an advanced technology corn oil extraction process. Environmentally friendly aspects of

the project include converting an on site waste coal (culm) fired electric generation facility to provide process steam, and water resources will come from recycling mine shaft water. This will further stimulate Pennsylvania's economy, and help to push the Commonwealth forward as a leader in environmentally friendly renewable fuels.

"This project is a large undertaking and will require a strict timeline, that is why Green is pleased to announce the relationship with the local trade unions," said Green Holding's Chairman & CEO Jeff Dershem. "Being on time and delivering the project within budget is what our agreement with the trade unions is all about."

The project is estimated to stimulate as many as 1,500 induced permanent jobs within the region as well as employ over 100 permanently on site. Several hundred construction jobs over an 18-month construction period are anticipated. This will further stimulate the local economy by having local trades people working on the project.

Green has already received most of the necessary air quality and storage tank permits and land development approvals for the site. The final air permit approval is expected in February. Construction contracts will be let early next year after final design and engineering is completed. Green plans to start production in 3rd or 4th quarter of 2009.

Penn State Receives SUN GRANT

Pennsylvania State University in collaboration with Michigan State, Cornell, USDA-ARS, Univ. Maryland-Eastern Shore received a Sun Grant Initiative award from the North East SGI Region, Cornell University for Biomass Feedstock Production in the Northeast: Economic and Environmental Implications. This is a two-year project totaling \$526,800.

Villanova University Unveils New Solar Electric System

The Villanova University College of Engineering unveiled a new Solar Electric System comprised of 24 180-watt crystalline silicon solar panels atop its Center for Engineering Education and Research last week. The output from the five-foot by two-foot solar panels is conditioned to provide high quality AC power for the building using an inverter. The panels will provide up to 4,000 watts of power to offset utility-supplied power for the CEER building.

This Solar Electric System is the University's first renewable energy source to provide clean, pollution-free power on campus. Funded by a \$15,000 matching-grant provided by The Sustainable Energy Fund of Central Eastern Pennsylvania and supported by PPL, the project will help train Villanova students in the design and installation of solar electric systems. Five Villanova electrical engineering students were involved in the initial phase of the project.

Rockefeller Center Switches to LED Lights

This year, revelers at the Pennsylvania Society weekend in New York can find energy efficiency even in the most unexpected places. The Rockefeller Center Christmas Tree is lit this year with LED(light emitting diode) lights, which will reduce the tree's energy consumption by about 63%. The tree's 30,000 LED lights are strung on five miles of wire. LED lights are now popping up in holiday lighting displays throughout the country, and they're an excellent choice at home as well. According to the latest holiday lighting fact sheet from the EnergyIdeas Clearinghouse, LED mini-lights draw

about 0.08 watts per bulb, compared to 0.48 watts for a standard incandescent mini-light and 6 watts for the larger traditional screw-in bulbs.

Other energy efficient changes are in place at Rockefeller Center as well. The roof of Rockefeller Plaza now has a 70-kilowatt solar power system in place. Just down the street, an 18,000-square-foot green roof was installed on Radio City Music Hall.

FEDERAL LEGISLATION

US House Passes Energy Bill – Would Repeal Oil Company Tax Breaks

On Thursday, the US House of Representatives passed a 1,055 page Energy Independence and Security Act, designed to increase vehicle mileage standards and provide tax incentives for alternative energy, funded largely by repeal of more than \$13 billion in tax breaks for oil companies.

By a 235-181 vote, the House passed its energy bill, with \$21 billion in new funding for renewable energy programs. The Bush administration has threatened a veto over these provisions which it says will put a halt to further domestic oil exploration, and Senate Republicans have said the bill clearly has no chance of becoming law.

The bill calls for a fleet-wide increase of the US Corporate Average Fuel Economy, or CAFE, standards by approximately one-third, from the current 27 miles per gallon currently to an average of 35 mpg by 2020, an increase of about 10 mpg from the current national average attainment. Supporters say the measure will save 1.1 million barrels each day, about half of our current imports from the Persian Gulf. The bill would also increase the renewable fuels standard to 36 billion gallons of renewable fuel by 2022, and require utilities to generate 15 percent or more of their electricity from renewable energy sources by 2020.

As passed by the House, the bill includes four year extensions of tax credits for renewable electricity projects from wind, waves, tides, biomass and geothermal energy, and extends the 30% investment tax credit for solar and fuel cells for ten years. It creates a new 10% investment tax credit for combined heat and power property, tax credits for carbon capture and sequestration projects and biofuels production, and tax credit bonds for renewable energy and conservation. The energy bill also includes efficiency standards for buildings and appliances

Beyond the repeals of oil tax concessions, the Bush administration has also spoken out against the national renewable electricity standard, claiming it would result in higher consumer costs in areas where renewable reserves such as solar and wind power are less available. Utilities in southern states, in particular, are claiming that the provision will force their electric rates significantly higher because they have relatively less access to renewable generation sources. The White House is saying such standards, like the Pennsylvania Alternative Energy Portfolio Standards Act, should be done at the state level.

The bill will be sent to the Senate, where Republican leadership says they will attempt to carve out the tax provisions as being punitive, and eliminate the renewable electricity standards. Any changes to the bill in the Senate will force the legislation back to the House for another vote and possibly a Conference Committee before the Christmas break.

Wyden, Harkin Propose Biomass Crop Assistance Amendment to the Senate Farm Bill

Oregon Senator Ron Wyden and Iowa Senator Tom Harkin have proposed a Biomass Crop Transition Assistance Program as an amendment to the Senate Farm Bill. The amendment is designed to help farmers learn about and begin to grow biomass energy crops. The floor amendment (# 3736) would allow growers to help jump start cellulosic ethanol and other emerging biomass energy technologies. The two Senators said the current draft of the farm bill does nothing to help farmers work through the feasibility of producing biomass crops in their area, or to underwrite their financial risk in attempting to establish these new crops over several years.

The amendment offers matching grants of up to \$50,000 to farmer groups, counties, or other local entities for feasibility studies and outreach to farmers; and makes farmers eligible when they have a letter of intent from an existing or planned facility. Under the current Senate farm bill language farmers and foresters cannot participate unless there is a formal financial commitment from a biomass energy facility, preventing trial plantings of bioenergy crops, as well as preventing bioenergy facilities under development from participating.

The amendment also limits eligible land to that which has already been used for production, such as previously cultivated land, managed pasture, or clear cut forest land, ensuring that public subsidies do not promote the loss of native habitats. Wyden said the amendment would help increase soil quality and carbon sequestration, while decreasing erosion and field runoff. The amendment restricts harvesting of bioenergy crops under the program until after the nesting and brood rearing season, which ends well before the first frost, the point in time when most bioenergy companies want to harvest biomass.

EVENTS

December 13, Wind Powering America Webinar

This is the first in a series of web casts sponsored by Wind Powering America with the purpose of reaching out to the Ag community. These web casts will occur every other month, the first taking place on Thursday, December 13 at 12 pm EST. The first web cast will cover the current status of the wind industry, along with the economic development and environmental benefits of wind energy, and will present some results of the AWEA/NREL analysis of the impacts of generating 20% of the Nation's electricity from wind by 2030. The presentation will be approximately 1 hour, and will be followed by half an hour available for questions and answers. For information needed to access the webinar, please contact [ERG](#).

December 18, Educational REAP Meeting Scheduled, Harrisburg.

Farmers interested in purchasing no-till planting equipment may qualify for a 50 percent tax credit under [REAP](#). An [educational meeting](#) to explain the requirements and application process is slated from 10 a.m. to noon on Dec. 18 at the PA Farm Show Complex & Expo Center in Harrisburg.

January 7-12, Duke Short Course Promotes Wood As a Carbon Neutral Fuel

The Duke Environmental Leadership program is hosting a six day short-course on Affordable Energy, Forest Health and Community Sustainability January 7-12. The course reflects the fact that a synergy exists which has allowed people in many advanced countries to build markets for poor quality trees and waste wood as a carbon

neutral renewable fuel, providing money to fund forest improvement and restoration practices.

The short course should be beneficial to those on the energy using side for heating and cooling. Completion of the course will include a certificate that can be used by energy and HVAC design professionals needing Professional Development Hours for their licensing or registrations in most states. CFE credits for foresters and SFI credits for timber harvesting operations have also been applied for. More information is available by contacting the Duke Environmental Leadership Program at del@duke.edu or (919) 613-8082.

March 4-6, Washington International Renewable Energy Conference 2008 (WIREC), Washington, D.C.

WIREC 2008 will focus on the four pillars necessary to support renewable energy industries: Agriculture and Rural Development, Technology/Research and Development, Finance, and Commercialization. Click [here](#) for more information.

April 15-17, Biomass '08 Conference and Trade Show, Minnesota.

The first International Biomass Conference & Trade Show aims to facilitate the advancement of near-term and commercial-scale manufacturing of biomass-based power, fuels, and chemicals. Click [here](#) for more information.

GRANTS

Dec. 14 Deadline for 2008 Environmental Education Grants

The Department of Environmental Protection's 2008 Environmental Education Grant Program closes on December 14. The grants support projects and programs that increase environmental awareness, understanding and stewardship. Any school, university, non-profit group or county conservation district in the commonwealth may apply. For more information, visit www.depweb.state.pa.us.

Fuel Cell Technologies

US Department of Energy Golden Field Office

Request for Information and Notice of Pre-Solicitation

Workshop: Planned Funding Opportunity Announcement for Research, Development, and Demonstration of Fuel Cell Technologies for Automotive, Stationary, Portable Power, and Early Market Applications Grant.

NEWS CLIPS

[Energy alliance predicts creation of 40,000 Pa. jobs](#)

[Big guys step in as ethanol hits a wall](#)

[Making a case for coal, U.S. energy states demand action](#)

[Midwestern Governors Sign Climate and Energy Pacts](#)

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