



Alternative Energy Report

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State Budget Outlook Dismal - Rendell Announces Second Round of Budget Cuts

Governor Rendell this week announced a second round of state budget cuts aimed at reducing revenue shortfalls, saying he will cut an additional \$128 million from the state budget. Rendell said he intended to free up as much money as possible to help cushion the blow that will be felt as a result of the current budget deficit. The state's growing state revenue gap currently stands at \$657 million through November, and legislative staff predicted that gap to be as much as \$2.5-3 billion by June.

The economic downturn and budget issues have had a major impact on state energy efforts already. Disruption in the financial markets has delayed selling of the bonds which will finance the \$500 million bond issue to support energy investment.

Despite the hiring freeze, the Departments of Agriculture and Environmental Protection have told ERG they need additional staff to administer new energy related programs. Acting DEP Secretary Hanger told lawmakers last week that he needs dozens more employees to review drilling permit applications and inspect drilling sites over the Marcellus Shale gas formation.

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Obama Promises Governors Stimulus to Include Energy, Infrastructure, Medicaid Assistance

President-elect Barack Obama pledged to work with the nation's governors on job creation and economic stimulus plans to alleviate state budget jams and a faltering national economy during the National Governor's Conference held in Philadelphia this week.

He told the NGA that federal assistance for the states to support Medicaid, infrastructure improvements and alternative energy should be part of any federal plan. Congressional leaders hope to have a new stimulus bill ready for the new president's signature as early as late January. Estimates are that this next stimulus package will be at least \$700 billion.

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Transmission Infrastructure Improvements Needed - PJM Plans \$1.6 Billion in Upgrades

By John Nikoloff, ERG Partner

The PJM Interconnection L.L.C., which operates the region's electrical grid, has approved \$1.6 billion in additions and upgrades to the electric-transmission systems for the grid that serves 51 million people in 13 states and the District of Columbia. The upgrades are required to maintain reliability of the power supply and keep the lights on in years ahead, PJM said. To accomplish this 15-year plan, PJM's board has authorized almost \$13.3 billion in investments.

"Ensuring the reliability of the power supply infrastructure is a vital role for PJM and our member companies," said PJM President and CEO Terry Boston. "A reliable grid is a lifeline to our homes and critical to our standard of living."

PJM's reliability has been important to development of alternative and renewable energy projects in the region – but projects in other states have had to shut down at times because of congestion on their grids. Lack of transmission capacity has become

a major roadblock to further development of wind and solar generation today.

Click [here](#) to view the rest of this article on ERG's blog, Power Politics.

Lake Erie Biofuels Makes History with First Trans-Continental Jet Flight; Discovery Channel to Highlight PA Industry Leader

Lake Erie Biofuels, an Erie Management Group (EMG) company, teamed with Green Flight International to supply leading edge biodiesel for a precedent-setting 2,486 mile trans-continental jet flight, from Nevada to Florida recently.

[Green Flight International](#) was founded in 2006 to promote wider adoption of environmentally-friendly fuels in commercial aviation through international television media and print outlets.

Michael L. Noble, President of Lake Erie Biofuels added, "Our success with Green Flight International proves it's possible to implement alternative energy into mainstream transportation sources. This is something we can all take pride in."

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EPA Sets Renewable Fuel Requirement of 10.21 Percent for 2009

The U.S. Environmental Protection Agency (EPA) recently announced that the 2009 renewable fuel standard (RFS) will require most refiners, importers, and non-oxygenate blenders of gasoline to displace 10.21% of their gasoline with renewable fuels such as ethanol. The requirement that at least 11.1 billion gallons of renewable fuels be sold in 2009 was established by the Energy Independence and Security Act of 2007.

The increase in the percentage requirement reflects the fact that fuel consumption is expected to be lower in 2009. The EPA anticipates that 138.47 billion gallons of gasoline blends will be sold in 2009 in the 48 contiguous states plus Hawaii (Alaska doesn't participate in the program), a decline of more than 6 billion gallons from 2008.

The 2009 RFS is also pushing up against what is known as the "blend wall."

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PA Mayors Pledge Reduction of Carbon Emissions

Fifteen PA mayors have joined with more than 900 nationwide to support reduction of carbon emissions, by signing the US Conference of Mayors Climate Protection Agreement. The initiative was launched three years ago, with the organization now representing more than 81 million Americans.

Under the agreement, cities and other local government units pledged to reduce carbon emissions by 7 percent below 1990 levels over the next four years; strive to meet or beat the Kyoto Protocol targets in their own communities; and to urge Congress to pass the bipartisan GHG reduction legislation.

Mayors from the following Pennsylvania municipalities have signed the agreement: Allentown, Bethlehem, Braddock, Easton, Erie, Kutztown, Lancaster, Leechburg, Lower Makefield, Marple Township, Narberth, Oxford, Philadelphia, Pittsburgh, York.

PUC Hearings Focus on Consumer Education, Sale of Wholesale Electricity

Pennsylvania Public Utility Commission (PUC) is holding a series of public hearings on the implementation of Act 129 of 2008 and how to handle wholesale electricity markets. ERG attended a recent en banc hearing on implementation of Act 129 in an atmosphere driven by concerns over rate caps in much of the state expiring at the end of 2009 and 2010.

Act 129 of 2008 is intended to cut energy consumption and promote energy efficiency. At the hearing, the energy industry was represented by a wide array of interests, but testimony shared many common themes, especially the importance of consumer education.

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St. Francis University Producers Pennsylvania Renewable Energy Directory

Saint Francis University's Renewable Energy Center has developed a comprehensive online directory of the biofuel, geothermal, hydroelectric, solar, and wind companies currently operating in Pennsylvania. The Renewable Energy Center also offers tips ranging from the financing of renewable energy projects, to installing a renewable energy system for your home.

Click [here](#) to access the directory. This information will also be archived in ERG's Consumer Center accessible on ERG's home page at www.pa-erg.com.

Food Versus Fuel Debate Continues, Ethanol Producers Try New Approach

In November, six leading ethanol producers launched a new organization, Growth Energy, to publicize the benefits of ethanol. They are also charging full steam ahead in countering claims from large food producers and other organizations that have blamed ethanol for rising food prices.

Among items of interest on Growth Energy's web site is a countdown clock which tracks the time elapsed since the group called on Grocery Manufacturers Association (GMA) to lower food prices for Americans or to call the biofuels bluff. Corn and other commodity prices have dropped more than 50 percent, but food prices continue to increase, further proving the lack of correlation between biofuels and food prices.

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ERG Welcomes Junior Associate Lesa Close

In November, ERG welcomed the addition of Junior Associate Lesa Close.

"We are pleased to have Lesa on the ERG team," said Tracy Wingenroth, a partner of the strategic consulting firm, which specializes in alternative and renewable energy projects. "She has an extensive background in administration, local government and political issues, which will be fully utilized in this new position."

Ms. Close will be responsible for the Administration and day-to-day coordination of the firm's operations, and will play a key role development of special projects related to energy production and marketing for ERG. She will also play a significant role with McFarren & Associates, of which Wingenroth is also a partner.

Ms. Close brings a strong background in lobbying, health care, political campaigning and local tax issues. She worked as a tax research specialist for Automatic Data Processing in Los Angeles for two years, providing client service, program development, and research review. Previously, she was an assistant at the Marshburn Memorial Library of Azusa Pacific University.

As an undergraduate, Ms. Close interned for former House Speaker Newt Gingrich at The Gingrich Group/The Center for Health Transformation in Washington, D.C., where she focused on corporate health care incentives and research into health care related issues. She has also interned as a lobbyist in California for a statewide association.

She received her Bachelor of Political Science from Azusa Pacific University, Azusa, California, and participated in the University's American Studies Program in Washington, D.C. in 2003.

RECENT REPORTS

[Oak Ridge National Laboratory \(ORNL\) has released Combined Heat and Power: Effective Energy Solutions for a Sustainable Future](#)

[12-State Report Finds Over \\$1 Billion Spent On Energy Saving Performance Contracting Projects](#)

EVENTS

[PA Home Energy to Host Solar Training Workshop](#), December 9, State College
PA Home Energy, a new program from the West Penn Power Sustainable Energy fund that focuses on helping Pennsylvania consumers to reduce their energy usage, will begin to position their Service Providers and outside contractors, consultants and remodelers to be able to take advantage of this growing demand for solar expertise. Attendees will learn how to offer their customers solar site assessments as part of a comprehensive energy audit, and tap into the growing consumer interest in green energy.

Energizing Our Region – SEDA-COG has begun hosting Energizing Our Region, a monthly breakfast seminar series, held on the first Friday of each month from 7:30 a.m. to 9:30 a.m. Energizing Our Region seminars will focus on renewable and energy efficient technologies and practices. Upcoming seminar is on February 5, 2009 – “Renewable Energy Funding Opportunities.”

Building Green – SEDA-COG also hosts a Building Green breakfast seminars are held on the third Thursday of each month, at various locations around the SEDA-COG region. The series focuses on design and construction techniques associated with green buildings as well as their economic, energy-related, and environmental benefits. Upcoming seminar is on January 21, 2009 – “Energy Efficient Lighting.”

Additional details, including times and locations will be announced as they become available. For additional information, contact Jess Scot at 570-524-4491 or visit www.seda-cog.org/energy.

NEWS CLIPS

[EPA's court follies sow doubt, delay](#)

[Drill team: Pennsylvania needs smart rules with gas reserves](#)

[How water use factors into drilling in Marcellus Shale](#)

[Ethanol plant plans fall through](#)

[The Energy Challenge - Energy Goals a Moving Target for States](#)

[PA lawmakers angered by delay in state's Energy Investment Fund](#)

[BP wind unit planning facility up to 150 MW in Pennsylvania](#)

[Drilling companies: Pa. DEP hampering business](#)

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