



Alternative Energy Report

December 19,
2008
Volume 2, Issue
25

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

Energy and Environment Picks Announced

President-elect Obama named his top Energy and Environment team leaders this week, including Dr. Steven Chu as Secretary of Energy and Carol Browner as Assistant to the President for Energy and Climate Change, a new post in the White House to coordinate energy and climate policy.

Also named were Lisa Jackson, to serve as Administrator of the EPA, Senator Ken Salazar of Colorado as Secretary of the Interior, and former Iowa governor Tom Vilsack for Agriculture Secretary.

These officials will immediately face a host of political, scientific and economic challenges. Mr. Obama promised he would move on these issues despite the world economic problems, and said, "This will be a leading priority of my presidency and a defining test of our time. We cannot accept complacency, nor accept any more broken promises."

ERG sees Dr. Chu as a great choice - a Nobel Prize laureate, and nationally recognized proponent of alternative energy, renewable fuels and energy efficiency. ERG's partners have met with Chu, who has headed up DOE's Lawrence Berkeley Laboratory for the past four years, directing cutting edge research in these areas. Chu, not your typical politician, told ERG in April, "In energy, papers written with political agendas and appeal to "scientific lore" are widespread. The only real antidote is that the truth eventually emerges in science. As we hunt for solutions to the energy problem, my only fear is that it might take years - or decades - for the truth to emerge." Dr. Chu now has the opportunity to shorten that incubation period considerably.

One of the first positive public comments to Chu's selection came from current DOE Secretary U.S. Energy Secretary Samuel W. Bodman. "Dr. Chu understands the significance of our energy and environmental challenges, and more importantly, understands the technical solutions necessary to address them. "I have worked with Dr. Chu for the past four years, and I hold him in the highest regard. I am confident he will provide the Department with the necessary leadership, vision, and expertise we need to continue to fulfill our mission," Bodman said.

At the same time, these selections suggest that energy policy will not be directed from the agency, but from the White House. Carol Browner is no political neophyte, and will certainly play a prominent role in the public and internal dialogue on energy and environmental policies.

She (Browner) has been heading up the Energy Transition Team, and is a principal at The Albright Group, a global strategy firm founded by former Secretary of State Madeleine Albright. She has also been Chairman of the Audobon Society. Browner is a major proponent of cap and trade programs, and had called on Mr. Obama to instruct EPA on his first day to start rulemaking on carbon regulation. She has called global warming the "greatest challenge ever faced."

Lisa Jackson, a protégé of Browner, is the former New Jersey Secretary for Environmental Protection, and is currently Gov. Corzine's chief of staff. Former PA Secretary of Environmental Protection Kathleen McGinty had been considered for the post, but took her name out of consideration several weeks ago.

Sen. Salazar, former director of the Colorado Department of Natural Resources and state attorney general, is a rancher, and is known as a serious conservationist. He has supported more oil and gas drilling off U.S. shores, but raised serious questions about

drilling for oil and gas in shale formations on federal lands. His support for expanded energy production raised concerns from some environmentalists.

Gov. Vilsack served two terms as governor of Iowa. An attorney, he has been an advocate of alternative energy development, especially wind power in rural America – and was an early endorser of the 25 x '25 agenda. Vilsack has been a strong supporter of ethanol and other biofuels as a way to help rural economies. In his brief run for the Democratic presidential nomination last year, the focus of his campaign was a plan to end U.S dependence on foreign oil by promoting renewable energy. Pennsylvania Agriculture Secretary Dennis Wolff had been a leading candidate for the Secretary's job.

Committee Chair Could Boost Obama Energy Agenda

Representative Henry Waxman's (D-CA) election to the chairmanship of the Energy and Commerce Committee could add impetus in the House to legislation affecting the energy sector. Waxman defeated long time Democratic Chair John Dingell of Michigan for the chairmanship – Dingell had begun his congressional term in the Eisenhower administration, and was a strong supporter of the auto industry.

Waxman, whose district includes Beverly Hills, now heads a committee which regulates 40% of the U.S. economy, including the energy, health care, pharmaceutical and biotech industries, and which has regulatory oversight for the FDA, the SEC and a number of other federal agencies.

Congressman Waxman is considered to be more likely to push for building a “green economy” and to work toward concrete steps to reduce the impact of global climate change. Waxman has been a supporter of a national cap and trade program, and has publicly supported a variety of environmental/energy policies including tough auto emissions and fuel economy standards, a requirement for an 80% drop in GHG emissions from 1990 levels by 2050, and a total ban on new coal fired power plants without carbon capture technologies. And a former Waxman aide, Phil Schiliro, was recently appointed as the Obama Administration's liaison to the House of Representatives.

There will certainly be a Congressional battle over GHGs, cap and trade legislation or carbon taxes stall, especially because the first step for the Obama administration will be stabilizing the US economy. In addition, the regional, scientific and ideological issues which have resulted in blocking passage of climate change legislation for a long time are still there. Nevertheless, ERG expects new environmental legislation to promote green energy and technologies, and a major piece of the next economic stimulus package should be funding for the alternative and renewable energy sector. Projections in Washington are as high as \$150 billion for this portion of the package for programs to create new jobs focused on improving the national electrical grid, environmentally friendly construction projects and other needs for the US energy infrastructure.

“In policy terms, there are big questions about what priority will be given to direct public infrastructure spending versus tax-based incentives versus environmental markets versus direct regulation,” said Paul Bledsoe of the National Commission on Energy Policy, a bipartisan advisory group. “There is still a very profound debate on all of that.” Don't expect that to change in the near future.

The policy goals espoused by President-Elect Obama and Chairman Waxman are encouraging for companies in the alternative and renewable energy sectors, and it is almost certain that 2009 will bring more funding and more support at the federal level. But as always, the devil will be in the details of negotiations to get passage of any legislation in both the House and Senate.

Cap and Trade/Carbon Tax/Climate Change Legislation

Sen. Barbara Boxer (D-CA), Chairman of the Environment and Public Works committee, said this week that the committee will try to move climate change legislation in 2009, including adoption of a bill that would delegate much of the implementation responsibility to the EPA. She cited California's 2006 Global Warming Solutions Act (AB 32) as a model for such legislation.

Sen. Boxer said a cap-and-trade program will help the U.S. economy, but Sen. Claire McCaskill (D-MO) said "a delay may be necessary." She further explained: "I'm from a state where most of the people who turn on the lights in the state get it from utility companies that depend on coal. And the cost of switching all that to clean coal technology or to alternative sources is going to be borne by them – by regular folks who are trying to figure out how to pay their mortgages right now."

Rep. James Sensenbrenner (R-WI), ranking Republican member of the House Select Committee on Energy Independence and Global Warming, warned that pushing for aggressive carbon caps at a time of economic uncertainty could lead to a Republican takeover of Congress in 2010.

Rep. John Larson (D-CT), newly-elected chairman of the House Democratic Caucus, this week said that the economic crisis and the risks of involving investment banks in a new emission allowances market would lend support for his carbon tax proposal. Some Senate leaders noted that it will be difficult to garner the 60 votes necessary to create a filibuster-proof bill, particularly with concerns already expressed by coal and oil state Democrats, and while Democratic leaders are pushing the need to meet a December 2009 deadline for a global agreement on mitigation of climate change, getting the 67 votes necessary to ratify any international treaty was an even more difficult challenge.

In this atmosphere, Senator James Inhofe (R, OK), a leading opponent of the global warming theory, released a report includes quotes from 650 scientists from around the globe who question either the theory or the UN Climate Change Report, unleashing hundreds of blogs, media coverage and public debate over the issue. The Report, for example, quotes Japanese scientist Dr Kiminori Itoh, an expert reviewer for the United Nations Intergovernmental Panel on Climate Change report, who declared global warming the "worst scientific scandal in history. Click [here](#) to view "Inhofe's full report.

State Senate Announces Committee Chair Appointments

Senate leadership this week announced committee chairs for the 2009-2010 legislative session. The following committees are of particular interest to those in the energy industry, and the direction and leanings of each committee's chair can be a major deciding factor in which legislation is moved out of their respective committees and onto the floor for full consideration.

- Agriculture & Rural Affairs - Mike Brubaker (R-Lancaster); Michael A. O'Pake (D-Berks)
- Appropriations – Jake Corman (R-Centre); Jay Costa (D-Allegheny)
- Community, Economic and Recreational Development – Jane Earll (R-Erie); Wayne D. Fontana (D-Allegheny)
- Consumer Protection & Professional Licensure – Tommy Tomlinson (R-Bucks); Lisa M. Boscola (D-Lehigh/Monroe/Northampton)
- Environmental Resources & Energy – Mary Jo Whie (R-Venango); Raphael J. Musto (D-Carbon/Luzerne/Monroe)

While the importance of the Environmental Resources & Energy committee is readily apparent, the other committees listed above often originate or move a variety of important energy related legislation. Agriculture is closely tied to many renewable and rural energy projects; the Community, Economic and Recreational Development committee reviews bills pertaining to funding programs; and Consumer Protection and Professional Licensure deals with legislation pertaining to the Public Utility Commission and all Title 66 legislation, including the state's Alternative Energy Portfolio Standards.

With a \$1.6-\$3.0 billion budget deficit looming, the Appropriations Committee is an even more important factor in deliberations on all state programs requiring expenditure of state funds.

Individual Senate committee assignments have not been finalized, nor have House committees and chairs. ERG will provide this information on its website at

<http://www.pa-erg.com> when the announcements are made.

Both the House and Senate will return to Harrisburg on January 6 to be sworn into office.

Mid-Atlantic Biodiesel Plant Auction Set for Jan. 22

Mid-Atlantic Biodiesel's 5 MMgy plant in Clayton, DE is slated for auction on Jan. 22, starting at 11 a.m. Built in 2006-2007, the plant operated for six months before production was suspended due to high feedstock costs and unfavorable market conditions. It now sits dormant but remains under the care of on-site personnel.

Several Pennsylvania biodiesel plants have cut back production or operations, largely due to economics and lack of local markets. The demise of the Delaware plant is one more example of a growing need for mandates to require use of biodiesel blends and support the industry in this transitional economic time. Just as importantly, the lack of market growth also suggests a need for programs to educate wholesalers, retailers and consumers about the benefits, proper handling and storage of biodiesel.

Funding for Clean Energy Projects Can Provide Short and Long Term Solutions

When Congress returns in January its first order of business will try to pass an economic stimulus plan to jump-start the economy, create jobs and revitalize industry. As the new stimulus package could cost taxpayers anywhere from \$500 billion to \$1 trillion, it is critical that the legislation include not only short term, but also long term solutions.

Much has been written about the positive impact funding clean energy will have, from building infrastructure, creating jobs, and improving the environment to revitalizing the manufacturing sector. Many Pennsylvania projects are ready to go, creating both construction and permanent employment, and factories that are on the verge of closing because their products were sent overseas have workers ready to fill the gaps when funding becomes available.

The Environmental & Energy Study Institute have identified four general components that they feel would stimulate the economy in the immediate and long term: extend renewable energy tax credits and make them refundable; provide funds for energy efficiency programs, green jobs, and loan guarantees; provide funds for farm bill energy programs and conservation agencies; and invest in repair of transportation infrastructure and expansion of transit options.

Energy efficiency, renewable energy, and public transit projects are proven to create jobs and stimulate economic activity. Investing in these projects will also strengthen the country's long-term economic security while further positioning the U.S. as a global leader in clean energy.

Over 80 Small Businesses Receive Grants for Energy Efficiency, Pollution Prevention

This week the state announced that 81 businesses across the Commonwealth have received more than \$454,000 in state investments through the Small Business Advantage program to purchase equipment that will increase energy efficiency or prevent pollution while adding to profitability.

The Small Business Advantage Grant Program provides a 50 percent match of up to \$7,500 for equipment or processes that reduce energy use, promote pollution prevention and increase profitability. The program has invested almost \$4.9 million in 928 businesses across the state since it was launched in 2004.

Click [here](#) to view the full list of grant recipients.

Wind Solutions – Part 1

Pennsylvania has a rich and diverse landscape that lends itself to all forms of renewable

energy – including wind. During the Power for the Future: 2008 Pennsylvania Wind Energy Symposium held at Penn State in November, ERG Associate Melissa Britcher met with industry leaders and advocates who are promoting the possibilities for large-scale wind farms, community wind projects and even small wind.

Wind is seen as a critical element in achieving energy independence, and could produce as much as 20 percent of the nation's electricity by 2030, creating many opportunities for wind development in Pennsylvania. As mandated by the state Alternative Energy Portfolio Act, 18 percent of the state's energy production must come from renewable sources, including wind by 2020. Today, electricity makes up 40 percent of energy use in the U.S. and over the next 15 years, the demand is expected to increase by 25 percent. Pennsylvania is the sixth largest consumer of electricity, and third largest producer, with most electricity coming from coal and nuclear and only one percent coming from renewable sources.

To date there are 10 large scale wind farms in Pennsylvania in Somerset, Fayette, Cambria/Blair, Schuylkill, Luzerne and Wayne counties. Pennsylvania has over 300 megawatts of wind power generation installed with several more wind farms planned. It is estimated that Pennsylvania's potential wind power capacity is around 5,120 megawatts, whereas the state's estimated existing wind capacity is at 374 megawatts.

While large turbines and wind farms produce the most bang-for-your-buck, the industry faces many challenges. ERG reported earlier this month on the difficulties, costs and need for an improved grid infrastructure. Large wind producers also discussed the need for more manufacturing capacity to provide parts and equipment, with needs to increase five fold over the next ten years. They said that supply chain issues and a shortage of qualified construction workers, engineers and maintenance professionals are also problematic, and all noted that the current economic situation makes funding projects even more difficult.

Communities across the U.S. are partnering to purchase turbines that will provide locally generated energy at a reasonable cost. Community wind projects have great merit and will be a topic of future ERG blogs.

Small turbines are becoming increasingly popular for residential and small business applications. Smaller turbines operate at slower wind speeds, and require less wind. An average home can get the majority of their power from a 10-kilowatt turbine.

While the up front capital costs can be high, state and federal programs may improve the relative cost and payback times. The benefit for homeowners and communities to produce their own electricity is simple – the cost becomes fixed. With some Pennsylvanians already experiencing the electric rate increase and others just waiting caps to come off in 2009 and 2010, the potential to relieve to rate increases is catching the attention of many. As a renewable source, wind power provides environmental benefits as well. Wind power lessens the amount of traditional resources required to produce electricity, through coal and fossil fuels.

Over the next several months, ERG will continue to discuss the issues and opportunities facing wind production in the U.S. and in Pennsylvania.

EVENTS

[2009 Pennsylvania Farm Show](#)

The 2009 Pennsylvania Farm Show is just around the corner. Showcasing agricultural renewable energy advances in Pennsylvania has become a significant part of the event, through the Energy Harvest Exhibit.

More than 25 Pennsylvania energy companies are expected to show how the state is leading the nation in renewable energy through wind and solar energy, biodiesel, ethanol, and corn- and wood-burning stoves and furnaces. A mobile anaerobic digester demonstration will show how animal waste can be converted into alternative energy.

The Pennsylvania Farm Show runs from 8 a.m. to 9 p.m. Jan. 10 - 17 at the Farm Show Complex & Expo Center in Harrisburg.

[4th Annual Military Energy Alternatives Conference/Seminar](#). January 12-14, 2009, Washington, D.C.

[Central Penn Energy Symposium](#). Jan. 29, 2009, Harrisburg, Pa.

[24th International Conference on Solid Waste Technology and Management](#). March 15-18, 2009

[GLOBALCON 2009 Trade Show/Exhibition](#). Apr. 1-2, 2009, Atlantic City, NJ

[Fueling the School: Pennsylvania's First Intercollegiate Biodiesel Conference](#). April 3-4, 2009, Dickinson College in Carlisle, Pa.

[Organic Photovoltaics 2009 Conference/Seminar](#). April 27-29, 2009, Philadelphia, Pa.

[United We Stand: Building a Sustainable Economy Conference and Trade Show](#). August 18-19, 2009, Washington, D.C.

[2009 World Green Energy Symposium](#). Sept. 13-15, 2009

The MidAtlantic Renewable Energy Association Presents: [Pennsylvania Renewable Energy and Sustainable Living Festival](#). Sept. 18-20, 2009

CLIPS

[Pa. falls behind in green building; Pittsburgh stays ahead](#)

[Environmental Quality Board approves new Marcellus Shale drilling fees](#)

[Renewable Energy Push Signals Winds of Change](#)

[Experts Predict Push for Biofuels](#)

[Pennsylvania Energized: State Poised to Become Major Supplier of Fuel](#)

[Lisa Jackson Nominated to Head EPA](#)

**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

[Click Here](#) to be removed from this list