



## Alternative Energy Report

### **Budget Hearings in Full Swing**

The House and Senate remain in recess for Appropriations hearings until March 10, but despite a minor setback due to inclement weather, the Committees have been systematically meeting with the heads of each state agency to discuss the projected needs and impacts from Governor Corbett's budget plan.

### ***Department of Environmental Protection***

Both committees have met with the Department of Environmental Protection (DEP), led by Secretary Christopher Abruzzo. As expected, natural gas played a large role in discussion with members questioning the recent Chevron well fire and similar incidents.

When asked about the DEP's ability to handle such incidents, Abruzzo said that the department has a sufficient funds and staff. The latest fee increase led to additional inspectors, and proposed fee increases would add even more inspectors as well as air and water quality specialist and accompanying management.

The committee discussed Corbett's proposal to allow additional drilling on state lands, as well. Abruzzo said neither he nor his staff was consulted, but he would be glad to work with DCNR where applicable. Along similar lines, Abruzzo said he would work with the Public Utility Commission on the issue of natural gas pipeline impacts and infrastructure.

Sen. Greenleaf asked about the status of the state's alternative fuel incentive programs as a way to further reduce emission and greenhouse gases. Abruzzo said the Alternative Fuels Incentive Grant Program and additional funding provided by the Act 13 impact fees has been effective in helping to convert vehicles to natural gas and promote the purchase of electric vehicles. Abruzzo said so long as revenues are received for the programs, DEP will continue to advertise the programs. There is a projected \$6 million for the programs in the coming year.

The Secretary was also asked if he was aware of any negative impacts of wind farms. Abruzzo told the committee he was not aware of anything beyond the initial construction.

Rep. Bradford asked what should be done about manmade climate change. Abruzzo said that the DEP enforces the EPA's air quality regulation. When asked if the EPA's standards are the floor that will be enforced, the Secretary said the state needs to do the job it is doing and improve where it can. He went on to say that climate change is truly a national and global issue with leadership needed at a broader scale to address the multitude of challenges.

### ***Department of Conservation & Natural Resources***

During his budget address, Governor Corbett proposed "no impact" leasing of additional state forest and parks land. This proposal became the lead conversation when Department of Conservation and Natural Resources Secretary Ellen Ferretti testified before the Senate Appropriations Committee this week.

Many members stated that they have received communications from their constituents opposing lifting the moratorium on additional leases on state parks and forest lands for natural gas leasing and wanted to understand the "no impact" proposal.

Ferretti said that the proposal guarantees that additional leases will have no surface impact on lands. Additional leasing would include deep, horizontal drilling from adjacent private land without additional surface impacts under state parks or from existing or planning well pads on state forest land.

The administration sees this as an opportunity to generate more funding without increasing taxes. The revenues will be prioritized for use within DCNR specifically under the Executive Order.

When asked what additional studies have been done to determine the environmental impacts of drilling, Ferretti said they are updating their information all the time.

### **Political News**

House Speaker Sam Smith (R-Jefferson) announced that he would not run for re-election in 2014. Speaker Smith's patience, skills and steady hand will be missed. He said his role as "teething ring" among the two chambers of the Legislature, the administration and even his own caucus, had taken its toll.

"When you're the teething ring, it means someone's always chewing on you," he said. "It wears you out." His most recent accomplishment was leading the effort that resulted in passage of the \$2.4 billion transportation/infrastructure funding act.

### **Energy Events**

#### [International Biomass Conference & Expo](#)

March 24-26,  
Orlando, FL

#### [International Fuel Ethanol Workshop & Expo](#)

June 9-12,  
Indianapolis, Indiana

#### [National Advanced Biofuels Conference & Expo](#)

House Environmental Resources and Energy Committee Chair Ron Miller (R-York), was named by county Republicans as their candidate in the March 21 special election to fill the vacancy created by former Sen. Mike Waugh's resignation in January. County Democrats selected Linda Small, who served in the U.S. Navy, retiring as a master chief petty officer. She's a former office manager for the Democratic Party of York County.

Former State Auditor General Jack Wagner announced this morning that he too is seeking the Democratic nomination for Governor, joining at least seven other announced candidates.

### **Vitali, Environmental Groups Oppose Leasing of State Lands for Gas Development**

Conservation and environmental groups were joined by Rep. Greg Vitali (D-Delaware), Minority Chairman of the House Environmental Resources and Energy Committee, to release a letter signed by 35 groups urging legislators to oppose the proposed leasing of the subsurface rights in state parks and forest lands in the governor's proposed FY 2014-2015 budget.

Several environmental leaders called the Governor's proposal a "short-sighted" attempt to balance a one-time budget gap and "is not good policy." The groups also discussed numerous polls that show 68 percent of Pennsylvanians oppose drilling in state parks and forests and believe these lands should be protected now and in the future.

Vitali argued \$1 billion more could be raised per year if Pennsylvania had a severance tax similar to that of West Virginia. He stated the proposal will have a significant impact, taking about 25,000 more acres to get the revenue figures the governor is estimating, causing air and water quality impacts along with those of recreation.

### **Corbett: Protecting our Environment Growing our Economy**

*(Guest Opinion from Gov. Tom Corbett)*

In 1859, Colonel Edwin Drake struck gold — black gold — when he drilled the first successful commercial oil well in Titusville, Crawford County. We soon became the energy capital of the nation. Pennsylvania was off and

October 13-15,  
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Email [info@pa-erg.com](mailto:info@pa-erg.com) to submit an event.

#### **News Clips**

[Extending Tax Breaks a Priority for Senate's Finance Chairman](#)

[Annual biofuel demand forecasted at 51 billion gallons by 2022](#)

[Pa. fifth in the nation in hazardous spills, only 2 percent serious](#)

[Consol Energy to export ethane to Europe](#)

[Chevron gives pizza vouchers after Pa. explosion](#)

[Lawmakers praise DEP response to gas well fire](#)

[EPA approves waste disposal well in Clearfield County](#)

[Duke to sell Fayette County natural gas power plant](#)

[Public forum held for renewable energy solutions](#)

running, powering an industrial revolution that created a new middle class, raised the quality of life for tens of millions of people, and changed the world forever.

Today, thanks to abundant natural resources right here in Pennsylvania, we stand on the verge of a new energy revolution. Pennsylvania is home to vast quantities of natural gas nestled deep underground, in formations like the Marcellus Shale. Experts estimate there are nearly 500 trillion cubic feet of natural gas beneath our feet — enough to power our homes, factories and vehicles for more than a hundred years. More than 240,000 Pennsylvanians work in our oil and gas industries and in jobs made more secure by its activity, in family sustaining jobs that pay as much as \$30,000 more than the average state wage. We're marching toward energy independence, becoming a net exporter of natural gas for the first time in one hundred years. We're making the air cleaner in our towns and cities. And we're saving Pennsylvanians — all Pennsylvanians — nearly \$1,200 a year or more in lower natural gas and electricity prices thanks to lower-cost natural gas. We didn't create this opportunity — but we are poised to seize it. [More...](#)

### **IER Offers Pa Energy and Economic Analysis**

The Institute for Energy Research (IER), a not-for-profit organization that conducts research and analysis on the functions, operations, and government regulation of global energy markets, has released an energy and economic analysis of Pennsylvania.

The report details the major energy sources in Pennsylvania, noting that the state remains among the top five in the nation for total energy production, electricity production, and coal and natural gas production. Despite these impressive production numbers, consumer energy costs remain higher than many areas in the country. The report also notes that Pennsylvania remains one of the top carbon dioxide emitting states in the nation. Click [here](#) to review the report.

### **Rep. Sankey Takes on Alternative Energy Portfolio Standards**

Rep. Tom Sankey (R-Clearfield) has introduced legislation that would repeal the state's Alternative

Energy Portfolio Standard program (AEPS). When AEPS was enacted in 2004, it set the stage for the state to become a national leader in renewable energy production. However, some legislators feel it is unfair to mandate that an annually increasing percentage of electricity sold to retail consumers come from alternative energy sources.

“This comes at a time when we’re shutting down coal power plants, however you may feel about them, but we are worried about the future of power generation in times of cold weather, the sustainability of the regional grid and the possibility of brownouts,” Sankey said.

AEPS does not include provisions for supporting natural gas – as it is debatable as to whether or not natural gas fits the true definition of a “renewable resource”. There are other pieces of legislation that seek to amend AEPS to include natural gas, or at least natural gas conversion.

“The environment is a top priority — I don’t want to breathe bad air or drink bad water — but people have to be able to survive in this, and someone has to pay for this,” he said.

Sankey said about one-third of the electric power generated in Pennsylvania, at current low costs, is exported to other states, but the mandates would change that.

### **Pennsylvania Rivers an ‘Untapped Resource’**

Free Flow Power, a Boston Company, has targeted Western Pennsylvania’s rivers as an ‘untapped resource’, and is currently seeking approval to build 10 hydroelectric power stations on the Allegheny, Ohio and Monongahela rivers.

Earlier this month the company submitted its first application, which seeks to build a power plant at Allegheny Lock and Dam No. 2. The company has said that once it completes environmental and engineering studies, it will submit final license application to the Federal Energy Regulatory Commission. The process is lengthy and Free Flow does not expect to begin construction until 2017 or possibly 2018.

Once completed, the facilities will produce five to 40 megawatts of power with the goal of selling the power to utilities or commercial customers.

On a related subject, Ohio-based FirstEnergy Corp., the parent company of Metropolitan Edison Co., completed its sale of 11 hydroelectric power stations, including some in Western Pennsylvania, to Harbor Hydro Holdings LLC for \$395 million. [More...](#)

### **Report: Pa. Fast Losing Solar Jobs**

A report from the Solar Foundation says the industry experienced record-breaking job growth last year across the country — except in Pennsylvania, according to the Central Penn Business Journal.

"Pennsylvania was the only state in the Northeast to lose a significant number of solar workers with its job force dropping by nearly 28 percent while New York, New Jersey and Massachusetts all ranked in the top five states nationally," a news release from the Sierra Club said.

But Gov. Tom Corbett's office disputes the Solar Foundation's report, saying the numbers are skewed.

"I would note that, like many industries, capturing job numbers at a fixed point in time can be misleading," said Patrick Henderson, Corbett's deputy chief of staff and energy executive. "Many of the jobs apparently counted in this census are for construction and installation of solar." [More...](#)

### **Erie Region's Farmers Consider Energy Crops**

Northwest Pennsylvania farmers soon might be planting crops that previous generations would have plowed under. That's the goal of a \$10 million, five-year project to convert perennial grasses and other "throwaway" plants to fuel.

Local farmers and landowners learned about the new energy crops during a seminar in Meadville this month, and some are now interested in planting them, said Sarah Wurzbacher, a Penn State Cooperative Extension educator who works with the Northeast Woody Biomass Consortium project. Wurzbacher organized the one-day

Farm Energy Day event.

"Several of the participants indicated that they will plant switch grass or miscanthus," Wurzbacher said. Both are perennial grasses.

Two growers in the region already produce thousands of acres of grasses for energy and are a major reason that western Pennsylvania and eastern Ohio together are one of four demonstration areas for the large-scale biomass project, Wurzbacher said. The project covers the entire northeastern United States plus Ohio and West Virginia.

[More...](#)

### **Renewable Energy Credit Market Reported on the Upswing in Pennsylvania**

Since renewable energy tax credits began trading in Pennsylvania in 2008, prices spiked before retreating into a long and stubborn decline. Then, sometime last fall, solar credits started gaining in value, more than tripling within a few months' time.

"The solar credit market has turned the corner, as have other [renewable energy credit] markets," said Ed Johnstonbaugh, a renewable energy educator with Penn State Extension Westmoreland who manages credits for 165 sellers in Pennsylvania. The vast majority are solar owners.

Renewable energy credits are an economic incentive to develop more alternative generation. Each megawatt hour of power produced by a renewable energy resource qualifies for one renewable energy certificate. Utilities are mandated by the state to buy alternative energy, either directly from generators or through these credits. [More...](#)

### **DEP: 135 Small Businesses to Receive Energy-Efficiency, Pollution-Prevention Grants**

The Department of Environmental Protection has awarded \$996,713 in grants to help 134 small businesses across Pennsylvania invest in energy-efficiency or pollution-prevention projects.

Pennsylvania's Small Business Advantage Grant program, funded through the Hazardous Sites Cleanup Act, helps businesses with 100 or fewer employees. It

provides 50-percent matching reimbursement grants of up to \$9,500 to implement projects that will save 25 percent annually in pollution-prevention or energy-related costs.

The grants will create more than \$3.7 million in private-sector investment in small businesses. Since 2004, the program has awarded in excess of \$8.5 million in more than 1776 small businesses statewide. Click [here](#) to view a list of recipients.

### **PUC Proposes Reg Changes for AEPS**

The Pennsylvania Public Utility Commission (PUC) today issued for comment a proposed rulemaking that would revise certain regulations of the Alternative Energy Portfolio Standards Act (AEPS) of 2004, including regulations pertaining to net metering, interconnection and compliance provisions of the AEPS Act.

The Commission voted 5-0 to receive comments on the proposed changes to existing regulations which, among other things, would increase certain reporting requirements and strengthen enforcement measures, revise interconnection and net metering rules, and clarify Commission procedures and standards for certifications and verification of compliance with the Act. The AEPS Act, which became effective on Feb. 28, 2005, was amended on two previous occasions through Act 135 of 2007 and Act 129 of 2008. Written comments shall be submitted within 30 days of publication in the *Pennsylvania Bulletin*. Further instructions on filing comments will be contained in the Final Order.

The AEPS Act requires that a certain percentage of all electric energy sold to retail customers within the Commonwealth be derived from alternative energy sources. By 2021, electric distribution companies (EDCs) and electric generation suppliers (EGSs) must supply 18.5 percent of electricity using alternative energy resources.

### **Federal News**

#### **Obama to Propose Billion-Dollar Climate Resilience Fund**

The President says he will ask Congress to set up a \$1



billion "Climate Resilience Fund" in his proposed budget next month. Obama discussed the drought plaguing most of California and the Western U.S. this week, and announced new administration actions, including the proposed billion-dollar fund. According to the White House, the fund would go to research on the projected impacts of climate change, help communities prepare for climate change's effects and fund "breakthrough technologies and resilient infrastructure."

Obama stressed how climate change makes events like the drought more extreme, said John Holdren, director of the White House Office of Science and Technology Policy. "We really understand a number of the reasons that global climate change is increasing the intensity and the frequency and the life of drought in drought-prone regions," Holdren said. "This is one of the better-understood dimensions of the relationship between global climate change and extreme weather in particular regions."

### **Obama Orders New Fuel Efficiency Rules**

President Obama on Tuesday announced he was ordering his administration to develop a set of new fuel efficiency standards for trucks, buses and other heavy-duty vehicles. Obama did not detail specific targets for heavy-duty vehicles, but said he expected a draft proposal by March of next year and for the rule to be implemented by 2016. The proposal will be an extension of standards first launched in 2011, and apply to future model years. While heavy-duty trucks and buses represent just 4 percent of the vehicles on the road, they generate 20 percent of the nation's vehicular carbon pollution. [More...](#)

### **Changes in US Senate Committee Leadership**

Last week the Senate approved changes to two committee chairmanships. The Senate Finance Committee will now be chaired by Sen. Ron Wyden (D-OR) and the Senate Energy and Natural Resources Committee will be chaired by Sen. Mary Landrieu (D-LA).

Sen. Wyden has a history of supporting renewable energy, specifically biomass and biomass energy incentives. Prior to his appointment, Wyden had been signaling that passing a tax extenders package in the

short term is high on his priority list. Passage of an extenders package would have a broad impact across several industries, not just energy.

### **Tier 3” Discussions Continue at OMB**

State and local air pollution officials visited the White House Office of Management and Budget today to discuss EPA's proposed "Tier 3" rule requiring refiners to reduce the amount of sulfur in gasoline and carmakers to cut tailpipe emissions. The National Association of Clean Air Agencies stressed the importance of the rule on their efforts to meet air quality requirements and push the administration to issue a final rule this month so that it is in effect for model year 2017 cars, NACAA Executive Director Bill Becker tells POLITICO. Last week, OMB and EPA met with representatives of oil companies.

### **Court Hears Challenge to PM2.5 Revisions**

The U.S. Court of Appeals for the D.C. Circuit heard oral arguments Thursday in a case brought by the National Association of Manufacturers and other groups over EPA's 2013 revisions to PM2.5 standards. NAM alleges that EPA prejudged whether the soot standard needed to be tightened, did not show that it was needed to protect public health, and ignored scientific evidence contrary to its conclusion. The group also argues that a requirement to measure air quality near roadways records the maximum level of pollution instead of more broad levels elsewhere.

### **Crude Rail Agreement Coming**

The freight rail industry and Transportation Department are reportedly close to an agreement to address the safety of crude oil on trains, according to Association of American Railroads President and CEO Ed Hamberger. Hamberger said the agreement will address reduced speeds in populated areas and increased inspections. "I would expect an announcement by the secretary as soon as we can come to some understanding with him in the next week," Hamberger said, according to Platts. [More...](#)

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