



## Alternative Energy Report

### **Budget Hearings End, General Assembly Back March 10**

The House and Senate Appropriations Committees this week concluded hearings on Governor Corbett's 2014-15 state budget proposal. Speaking before the House Committee, Budget Secretary Charles Zogby said that the administration is prepared to modify its proposal if projected revenue marks are not reached.

"We've been through this in past years; if the estimates change, if the outlooks change, we'll be prepared to also change to meet those, whether they're good or bad. Obviously we hope for more upside than downside, but we're prepared in either case," Zogby told lawmakers.

In regard to testimony from other state agency heads, House Appropriations Committee Minority Chairman Joe Markosek (D-Allegheny) told Zogby that "What they told us was very interesting, what they left out was very vital." Markosek went on to say that he is concerned that the proposal is full of "one-time gimmicks" and revenue assumptions that may not be realistic.

Zogby called Markosek's statements "mischaracterization" of the state's financial position and the Governor's policies.

In an election year with big ticket items like education spending, liquor reform and pension reform yet to be agreed on, it will likely be a long road to the June 30 budget deadline.

### **Gas Leasing Proposal Funding Levels Questioned**

During a House Appropriations Committee budget hearing, Department of Conservation and Natural Resources Secretary Ellen Ferretti could not guarantee that a plan to expand leasing on state park and forest land would generate the \$75 million earmarked in Governor Corbett's budget proposal. The question was raised by opponents of the idea.

Ferretti said that a number of factors, including price of gas and company interest, would determine how much revenue would be raised.

### **Energy Events**

[RPS Collaborative Webinar on Renewable Thermal](#)  
March 10

[International Biomass Conference](#)  
March 24-26,  
Orlando, FL

[LIHEAP Action Day](#)

Corbett is expected to issue an executive order extending the moratorium on any leases of state forest or park land that would result in surface disturbance on state land.

“On state park and forest lands, the proposal is limited to only leases where there will be no new or additional surface disturbance – I repeat that, no new or additional surface disturbance – on state park and forest land,” Ferretti said.

Today, Energy Executive Patrick Henderson noted that the process of leasing state lands for gas exploration and state revenue was begun in the Rendell Administration with the full support and votes of House Democrats.

### **Powelson Reappointed Public Utility Commission Chairman**

Governor Tom Corbett has reappointed Robert F. Powelson of Chester County to serve as chairman of the Pennsylvania Public Utility Commission, or PUC. Powelson has served as a PUC commissioner since June 2008.

Powelson has become known as a savvy leader and has gotten favorable marks from virtually all stakeholders. He was first nominated by former Governor Rendell to a one-year term on the PUC and was unanimously confirmed by the Senate on June 30, 2008. He was renominated for a five-year term on Feb. 12, 2009, and was again unanimously confirmed on April 22, 2009. His term expires on April 1, 2014.

Powelson was recently appointed as co-vice chair of the National Association of Regulatory Utility Commissioners, or NARUC, Committee on Water. In addition, he has been appointed to represent that committee on NARUC’s Task Force on Climate Policy. He is also a member of the NARUC Committee on Critical Infrastructure and a member of the NARUC Subcommittee on Nuclear Issues-Waste Disposal.

### **New Study of Gas Drilling and Ground Water Shows Gas is Often in Water Before Drilling Begins**

Much of the debate over fracking for natural gas has centered around the potential to pollute drinking water. What's not explicit in much of the discussion is that - in Pennsylvania - the only thing that has polluted people's well water as a result of drilling is natural

*March 26,  
Washington DC*

[ACORE National Renewable Energy Policy Forum](#)  
*March 27-28,  
Washington, D.C*

[Northeast Biomass Heating Expo](#)  
*April 9-11, Portland,  
Maine*

[Urban Wood Utilization Webcast](#)  
*April 15, 2014 10am-12pm EST*

[Advanced Energy 2014](#)  
*April 28-29, Albany,  
NY*

[Heating the Midwest Conference & Expo](#)  
*April 29-May 1,  
Green Bay, WI*

[North Country Clean Energy Conference 2014](#)  
*June 4-6, Lake Placid,  
NY*

[International Fuel Ethanol Workshop](#)  
*June 9-12,  
Indianapolis, IN*

[HydroVision International](#)  
*July 22-25, Nashville,  
TN*

[National Advanced Biofuels Conference](#)  
*October 13-15,  
Minneapolis, MN*

Email  
[info@paerg.com](mailto:info@paerg.com) to

gas itself.

Known as "methane migration" or "stray gas," the appearance of natural gas in people's well water is behind the image of the flaming tap made famous in the film "Gasland."

The residents of Dimock, in Susquehanna County, featured in that film received settlements from Cabot Oil & Gas, which the Pennsylvania Department of Environmental Protection determined improperly cemented the casings to its wells, thus allowing gas to migrate into the local aquifer and people's wells.

A new peer-reviewed study demonstrates the appearance of gas in a water well - especially in the northeastern part of Pennsylvania around Dimock - is not necessarily the result of drilling. [More...](#)

### **PUC Pushes Limits on Pa. Solar 'Net Meter' Actions**

Philadelphia resident Larry Moyer was tired of giving away the electricity produced by his solar array to his utility and getting nothing in return. Three years ago, he complained to the Pennsylvania Public Utility Commission. What followed may change the economics of solar energy in the state. Last month, the PUC proposed a spate of new regulations aimed at limiting what kind of customers can "net meter" their alternative energy systems. [More...](#)

### **DEP Opens Alternative Fuel Vehicles Grant Program - ERG Can Help**

The Department of Environmental Protection is now accepting applications for its Alternative Fuels Incentive Grant (AFIG) program, which will provide an estimated \$8 million in grants for the purchase or conversion of alternative fuel vehicles.

Those eligible to apply include school districts, municipal authorities, political subdivisions, incorporated nonprofit entities, corporations and limited liability companies or partnerships registered to do business in Pennsylvania.

Grant funds are available for the conversion or purchase of natural gas vehicles weighing 26,000 pounds or less, as well as the conversion or purchase of electric, propane or other alternative fuel vehicles of any size.

ERG has worked with AFIG for more than a decade, and our clients

submit an event.

### ***News Clips***

[Which Texas energy companies dominate Pennsylvania drilling?](#)

[Renewable Heat NY funds 18 woody biomass projects](#)

[Crude oil exports - A conundrum whose time has gone](#)

[Maryland court rules in favor of proposal to export natural gas](#)

[EPA sets Tier 3 standards for cleaner fuel cars](#)

[Wood pellets in paltry supply throughout Poconos](#)

[Colorado adopts tougher air rules for oil, gas industry](#)

[State official: Peoples-Equitable merger saves money for consumers](#)

[PA-Gov: Schwartz Introduces Alt Energy Plan](#)

have received multiple grants through the program. ERG is available to assist your company in the application process. For more information, call us at [\(717\) 233-8606](tel:7172338606).

Applications are due May 30 and grants will be awarded this fall. Program details are available at [www.dep.state.pa.us](http://www.dep.state.pa.us), keyword: AFIG.

### **EmberClear Plans GTL Facility in Pennsylvania**

A Canadian company has submitted plans to a Berks County township to construct a gas-to-liquids (GTL) facility on 63 acres to produce gasoline and propane. [More...](#)

### **Gas Industry Groups Seek to Intervene in Act 13 Case**

In December, the state Supreme Court ruled that portions of Act 13 were unconstitutional. Pennsylvania's three major gas industry trade groups have filed a petition to intervene in the ongoing court battle over the state's oil and gas law, known as Act 13. In December, the state Supreme Court struck down portions of the 2012 law that restricted the ability of local governments to zone oil and gas development, but the justices left a number of matters unresolved and sent the case back to the lower Commonwealth Court. The court is now reviewing, among other things, whether the rest of Act 13 can stand without the sections that were struck down. [More...](#)

### **Federal News**

#### **House Votes to Block EPA Regs on Coal-Fired Electricity Plants**

The House voted today to override a proposed Environmental Protection Agency (EPA) rule limiting carbon emissions from future coal-fired electricity plants.

Members passed the Electricity Security and Affordability Act, H.R. 3826, in a mostly partisan 229-183 vote. Only 10 Democrats votes for passage.

The bill is a response to a proposed EPA rule that Republicans say would require new coal-fired plants to achieve an emission standard that is virtually impossible using today's widely available technology. Rep. Ed Whitfield (R-Ky.), the bill's sponsor, says that means the rule will effectively ban new power plants. [More...](#)

## **Obama Releases 2015 Budget Proposal, Continues Energy, Climate Policy**

This week President Obama released his 2015 budget proposal, which continues his “all of the above” energy strategy and policy to tackle climate change.

The proposal would increase investments in natural gas and fossil fuels developments. Using natural gas as a “bridge fuel”, the administration hopes to curb air pollution and mitigate climate change. This is the first big step toward natural gas for the administration.

The proposal also includes \$1 billion for a climate fund that would assist fragile communities to adapt to future extreme weather events caused by climate change. Republicans have pledged to continue fighting Obama on climate policies, rendering the climate fund DOA.

The budget proposal also seeks to make permanent tax credits for renewable energy production and eliminate the \$4 billion per year in taxpayer subsidies to the oil and gas industry. Again, Republicans have blasted Obama for his intent to eliminate oil and gas subsidies.

### **House Tax Proposal Could Harm Energy**

House Ways and Means Committee Chairman David Camp (R-Mich.) has released draft legislation to reform federal tax code to mixed reviews. The “Tax Reform Act of 2014,” would alter, and in some cases repeal tax incentives for various renewables.

The proposal would eliminate the Production Tax Credit (PTC) for most renewable energy projects, though it would extend the PTC for wind energy for 10 years, but at a retroactively reduced rate of 1.5 cents per kilowatt hour (kW/h). The PTC for wind and a number of other renewable energy projects expired Dec. 31. The wind credit offered 2.3 cents per kilowatt hour.

The proposal would repeal tax credits for alcohol used as fuel, meaning tax credits for first-generation ethanol and other alcohol fuels, which expired in 2011, would be repealed. The \$1.01 per gallon cellulosic biofuel producer credit that expired at the end of 2013 would also be repealed.

The bill would also repeal credits associated with biodiesel and

renewable diesel. The biodiesel fuel-mixture credit, the biodiesel credit and the small agri-biodiesel producer credit, all of which expired at the end of 2013, would be repealed.

The bioenergy sector would further be impacted by a phase-out and eventual repeal of the credit for electricity produced from certain renewable sources, including closed-loop biomass and open-loop biomass.

It is unlikely that the proposal will be taken up by the House, and even less likely that it would gain traction in the Senate where leaders Harry Reid and Mitch McConnell have already said that any movement on tax reform in 2014 is unlikely. Additional information on the legislative draft, including links to a full-text version of the bill and detailed summary, is available on the House Ways and Means Committee [website](#).

### **House Passes Bill on Energy Efficiency**

The House passed a bipartisan package designed to increase energy efficiency in homes and federal agencies. Authored by Reps. Peter Welch (D-Vt.) and David McKinley (R-W.Va.), the bill will boost energy conservation through the Tenant Star program which provides incentives to landlords and tenants who up their energy savings. The package, which passed 375 to 36, also promotes energy efficiency in federal agencies under a provision added by Rep. Anna Eschoo (D-Calif.)

### **EPA Cracks Down on Sulfur Emissions**

The Environmental Protection Agency issued stricter limits on the amount of sulfur that can be blended into gasoline, which helps curb emissions from cars and trucks. The EPA says the rule will prevent up to 2,000 respiratory deaths per year and will afford flexibility to small refineries. But industry groups like the American Petroleum Institute say the rule will hike gas prices by between 6 cents and 9 cents per gallon.

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