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November Elections – New Polls Show Little Change in Voter Preference

The biggest news to hit Harrisburg this week was the Center for Medicare and Medicaid Services' approval of the Healthy PA plan for Medicaid expansion in Pennsylvania. The action will result in more than 500,000 Pennsylvanians becoming eligible for Medical Assistance for the first time. The Corbett Administration's 2014-2015 budget was crafted on the assumption that the state would get approval from the Obama administration for the plan, which allows the state to use money authorized by the Affordable Care Act to purchase private health insurance for poor adults.

State officials said they plan to have the program ready for open enrollment starting Dec. 1 and coverage on Jan. 1, 2015. Under the plan, Pennsylvania will completely restructure its Medicaid program, creating two Medicaid coverage plans – "Low-risk" and High-risk" – rather than using the current 14 different plans, with benefits being set up along the lines of commercial coverage.

Those changes, and Pennsylvania becomes the first state to do so, will end up saving the commonwealth a cumulative \$4.5 billion during the next eight years, assuming the five-year demonstration program is renewed. The savings come primarily from moving population receiving traditional Medicaid benefits to the new private insurance option which will be entirely funded, at least for the next two years, by federal Medicaid dollars.

Tom Wolf, the Democratic nominee opposing Corbett this fall has called for acceptance of the Affordable Care Act's full federal financing of Medicaid expansion.

With the House and Senate not slated to return to Harrisburg until September 15, the capital city has been quiet recently, with the only sounds those of political campaign ads and committee hearings aimed at making points toward the November elections.

After two months of negative ads by both candidates for Governor, it's somewhat surprising that there's been little movement in the polls. While the polls released to the public have shown a 15 point range, all show Democrat Tom Wolf leading by double digits. Some taken in mid-August showing the Governor within 12 points, but a more recent one conducted by Franklin & Marshall's Center for Opinion Research showed Wolf with a 25-point lead over Corbett, 49 percent to 24 percent. The Corbett camp called the F&M poll an "outlier" that oversamples Democrats. Fifty percent of respondents in the poll said they were registered Democrat, while 37 percent said they were registered Republican. The pollsters said they thought their sampling was fair expecting a limited Republican turnout this fall.

State AG Issues Subpoenas in Wider Review of Gas Royalties

Attorney General Kathleen Kane has broadened her review of natural gas royalty payment practices beyond those of Chesapeake Energy Corporation by issuing several administrative subpoenas throughout the state's shale industry.

According to reports, subpoenas have been issued for information regarding royalty calculations and payments in what appears to be an industry-wide survey to review and compare practices.

Leaseholders have complained of unfair practices for years, prompting Lycoming County legislators Sen. Gene Yaw and Rep. Garth Everett to draft and champion legislation to correct the problem. Despite gaining some traction, the bills were not passed prior to the legislature's summer recess as drillers argued that the legislators were trying to tamper with private leases.

Landowners who lease property for drilling are guaranteed by law a minimum one-eighth or 12.5 percent of the production value. The law also allows companies to tax the payments for post-production costs. But complaints have been that Chesapeake and other drillers are deducting "excessive" post-production costs from royalty payments, which in turn may cause the payments to drop below the state minimum guaranteed royalty.

Drillers believe that companies are responsible for the cost of bringing gas to the surface, but they share the financial responsibility of preparing and delivering the gas to market with the leaseholder, as per the terms of most lease agreements.

Last summer Chesapeake settled a federal class-action lawsuit filed in Scranton brought by leaseholders to cover the cost of post-production deductions.

Senate Committee Holds Hearing on EPA Carbon Plan

The State Senate Environmental Resources and Energy Committee, chaired by Sen. Gene Yaw (R-Lycoming) and Sen. John Yudichak (D-Luzerne) held a second Committee hearing Thursday to discuss the federal Environmental Protection Agency's plan to cut carbon pollution from coal-fired power plants. A video of the hearing is available by [clicking here](#).

The EPA had proposed its Clean Energy Policy as part of President Obama's Climate Action Plan in June to widespread opposition from Pennsylvania's coal and oil industries.

The hearing, held at Wilkes University, featured testimony from the Electric Power Generation Association; PPL Generation's Eastern Fossil and Hydro division; PennFuture's Energy Center for Enterprise and the Environment; and the Natural Resources Defense Council, among other power, environmental, consulting and consumer organizations.

This was the second time legislators have looked at the proposed federal policy. The state's business community has argued that the proposal would increase electric prices and raise the cost of doing business in the state, while environmentalists have supported the proposal.

"As legislators, we have an obligation to the environment, but we also have an obligation to the consumer," Sen. Yaw said. "We have to balance the needs of both as we examine a complex issue like this one, which is why I think it is imperative for this committee to look at the short and long-term effects of this federal proposal on our environment and overall economy."

"I applaud our committee chair, Sen. Gene Yaw, for getting the committee well out in front of this issue and I thank him for holding this public hearing in my district, in Wilkes-Barre," Sen. Yudichak said. "It is important for all of our committee members to continue to have open

discussions – like we had here today – about the EPA proposal and what it will mean for Pennsylvania’s environment, economy, and energy industry."

Sen. Yudichak noted that a state plan for reduction of carbon emissions under the proposed regulations is due to the EPA in June 2016.

"It is imperative that DEP begins to develop a plan that benefits Pennsylvania’s public health, environmental health and climate," he said, noting that "any plan that we devise before the June 2016 deadline must also protect ratepayers from higher energy prices and stimulate, not disrupt our local and state economy."

Push for Greater Monitoring of Natural Gas Drilling Related Health Concerns Continues

After taking heat earlier this summer for the handling of public health complaints related to natural gas drilling, State Health Secretary Michael Wolf [announced enhancements](#) to the department’s internal processes for responding to environmental health concerns and complaints specifically related to Marcellus Shale drilling. The changes were the result of the work conducted by a working group that Wolf established within the department to determine how its processes could be improved.

Among the changes, the department said it has adopted a new policy requiring written responses to all environmental health complaints. It’s also promised to better coordinate with the state Department of Environmental Protection on complaints involving matters under the purview of both agencies.

Additionally, it said it has undertaken an effort to teach the public, medical personnel especially, on how to file an environmental health complaint.

Rep. Greg Vitali used the announcement to call for his colleagues to pass his bill, House Bill 1579, when the chamber returns to session on Sept. 15. In his memo, the minority House Environmental Resources & Energy chair said that, “about 400 health care professionals this week called on the Corbett administration to better track health effects from gas drilling, and the legislature should heed their request by voting for my bill.”

Vitali’s legislation, the proposed Marcellus Public Health Protection Act, would require the state Health Department to establish a surveillance system that would collect, analyze and disseminate health data on unconventional gas operations. It also would require the Health Department to compare the health of residents in an area of intense drilling with a control area, and conduct a long-term study on the health impacts of unconventional gas operations. There is little chance that the legislation will be considered before November.

PUC Expands Investigation into Retail Natural Gas Market

The Public Utility Commission Thursday directed its Office of Competitive Market Oversight to move forward with the next phase of its investigation into the state’s retail natural gas market and look at the low interest in the state’s retail natural gas market.

The PUC first launched its investigation into the state’s competitive natural gas marketplace in September 2013, and its decision today empowers the Office of Competitive Market Oversight, a branch of the PUC, to further explore the issue.

Less than 14 percent of Pennsylvania’s natural gas customers have signed on with a competitive supplier. By contrast, more than 37 percent of Pennsylvania’s electricity customers

have opted for a competitive supplier.

“This is an opportunity to assess whether effective competition exists in Pennsylvania’s retail natural gas market and also to make recommendations for improvements,” said PUC Commissioner Pamela A. Witmer. “Our end goal is to ensure that the Commonwealth is home to a properly functioning retail natural gas market and that we are making full use of our Marcellus Shale resources.”

The Commission voted 5-0 to issue for comment the Tentative Order that finds an investigation into the retail natural gas market is necessary and also outlines several issues for OCMO to examine in the course of this investigation into Pennsylvania’s retail gas market.

Comments are requested to identify any additional issues not outlined in the Tentative Order. Comments are due 30 days after Notice of the Tentative Order is posted in the Pennsylvania Bulletin.

Two Pennsylvanians Honored by EPA for Environmental Work

The U.S. Environmental Protection Agency has awarded David Andrews of Butler Junior High School in Butler, Pa. with the Presidential Innovation Award for Environmental Educators (PIAEE). Andrews, a general science, environmental science and chemistry teacher, was one of 17 teachers nationwide who received a PIAEE award.

Andrews raises brook trout with students through the “Trout in the Classroom” program and then releases the fish into streams to boost the local fish population. He also works with his students to conduct fish population and water quality surveys. [More about Andrews.](#)

The EPA has awarded 15-year old May Wang from Holland, Pa. with a 2013-2014 President’s Environmental Youth Award (PEYA) for the experiments she conducted about removing a common contaminant from drinking water.

Wang, a rising junior at Council Rock High School in Holland, experimented with using activated charcoal to remove Bisphenol A (BPA) from water supplies. BPA, which has been shown to cause reproductive and developmental effects in animal studies, is used in the manufacture of a wide range of consumer and industrial products. From her experiments, Wang concluded that activated charcoal as a filter is effective for removal and is active for a number of times after the initial use. In addition to the PEYA program, May’s research paper was accepted for presentation at the American Water Resource Association’s 50th Annual Water Resource Conference, and the Association for Environmental Health and Science Foundation’s 30th Annual International Conference on Soils, Sediments, Water, and Energy later this year. [More about Wang.](#)

Drilling Starts at Pittsburgh Airport

At a ceremony held Monday Governor Tom Corbett, Allegheny County Executive Rich Fitzgerald, Consol Energy President and CEO Nick Deluliiis, and other local officials kicked off drilling at the Pittsburgh Airport. Consol expects to drill 45 wells from six pads over the coming years, which would lead to more than \$500 million in royalties to the Allegheny County Airport Authority.

T. Boone Pickens: 100 years of gas industry jobs

Pittsburgh Post-Gazette, Aug 26, 2014

On Monday afternoon, in a room of nearly 400 people involved in job training and placement and in the industries that create jobs, Pennsylvania’s Secretary of Labor and Industry Julia

Hearthway said while the energy sector is the smallest sector in the state terms of jobs, it is the fastest growing. [More...](#)

Westinghouse to Fuel Swedish Nuclear Reactors

According to the *Pittsburgh Business Times*, Westinghouse Electric Co. will supply three Swedish nuclear reactors with fuel through the end of this decade. Financial terms of the deal between Cranberry Township-based Westinghouse and OKG AB calls for yearly delivery of nuclear fuel for the three reactors at Oskarshamn between 2016 and 2020. The fuel will be made at Vasteras, Sweden.

House Democratic Policy Committee Explores Climate Change

This week the House Democratic Policy Committee held a hearing on the “Perception vs. Reality and the Science of Global Warming and Climate Change”. During the hearing, professors, meteorologists and local environmental agencies testified to the pressing nature of this topic. According to a 2014 study conducted by Hart Research Associates, 71 percent of Pennsylvanians believe climate change to be a serious problem. Click [here](#) to review meeting notes and testimony.

Related News: [Pennsylvania ranks 3rd in statewide CO2 emissions for 2011](#)

Federal News

US EPA Sends Long-Awaited Renewable Fuels Rule to White House

The National Biodiesel Board released the following statement from Vice President of Federal Affairs Anne Steckel after the EPA sent the proposed final rule for the 2014 renewable fuel standard (RFS) to the White House Office of Management and Budget for final review:

“We’re pleased to see the process moving forward and hope the final rule will show that this administration is standing behind our national goals for clean, domestic fuels that strengthen our economy and national security. We also continue to urge the administration to finalize the rule as quickly as possible. The original EPA proposal and continued delays have severely disrupted the U.S. biodiesel industry this year. We can begin to reverse that damage with a meaningful increase in the biodiesel volume that is finalized as quickly as possible so that producers can ramp up production in a timely fashion.”

In a draft RFS rule released in November, the EPA proposed holding biodiesel volumes at 1.28 billion gallons – a sharp drop from last year’s actual production of nearly 1.8 billion gallons. Biodiesel producers around the country have warned that such a proposal will cause severe contraction in the industry. A nationwide survey of producers conducted by the NBB in April found that more than half have already idled a plant this year and 78 percent have reduced production from last year. Nearly two-thirds – 66 percent – have already laid off employees or anticipate doing so.

Dems Leery of Climate Change Plan

With the November election just around the corner, vulnerable Democrats appear nervous to support President Obama’s climate change plans.

The Obama administration is in talks with the United Nations to reduce global greenhouse gas emissions by drawing attention to countries that are essentially “bad neighbors”.

According to *The Hill*, the State Department on Wednesday denied a report in The New York Times that the plan is to come up with a treaty that would not require Senate confirmation,

but that appeared to provide cold comfort to Democrats worried the issue will revive GOP cries about an imperial Obama presidency.

Senate Republicans are pushing hard to pick up six seats necessary to control the Senate and Democrats are leery of supporting anything that could weaken their re-election chances, leading many to decline to comment on the subject.

Senate Energy Committee Chairwoman Mary Landrieu (La.) cautiously signaled support for the oil and gas industry that is important to her state, without commenting on the plan to sidestep the Senate.

"It is important that all nations do what they can to reduce carbon in the atmosphere," she said. "But the president should not take any action that undermines the American energy revolution currently underway that is creating thousands of high-paying jobs for middle class families in Louisiana and across the country."

Related News:

[States: EPA climate regs illegally left out data](#)

[Vulnerable Dem backs Obama on climate change move](#)

[Vulnerable Dem slams Obama over UN climate change effort](#)

IEA Predicts Significant Renewable Investments through 2020

The International Energy Agency (IEA) expects the world to invest \$1.6 trillion in renewable energy capacity through 2020.

Spending will average \$230 billion a year through 2020, a slight dip from current numbers and largely due to falling technology prices and all despite a slowdown in the growth of investments in solar, wind, hydro, and other energy sources.

Paris-based IEA predicts that investments in renewable energy will suffer even more if policies aren't made clearer to favor them.

"Policy uncertainty remains a key challenge to renewable deployment," the organization said "Unanticipated changes to incentive schemes represent a risk that investors cannot manage, and can lead to elevated financing costs and boom-and-bust development patterns."

"Renewables are a necessary part of energy security," IEA Executive Director Maria van der Hoeven said in a statement. "Many renewables no longer need high incentive levels. Rather, given their capital-intensive nature, renewables require a market context that assures a reasonable and predictable return for investors."

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