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April 23, 2015

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#### State News

##### **Can Work Groups Solve the State's Budget Mess?**

In early March, Governor Wolf proposed his ambitious vision for Pennsylvania, with promises of increased education funding, property tax reductions, and a variety of income, sales and shale gas tax hikes to support his plans. Supporters called his proposal bold, and opponents called the plan dead on arrival. All agreed that the proposal was historic in one way or another, and all agreed that the state was facing a budget deficit of at least \$1.8 billion. [View full article](#)

##### **Pennsylvania Watershed Improvement Act -**

##### **Encourage Realistic Credits, Competitive Bidding**

In an effort to facilitate compliance with federal nutrient management requirements, Sen. Elder Vogel Jr. (R-Beaver) introduced SB 724, the Watershed Improvement Act. Filing the legislation followed release of a special report by Auditor General Eugene DePasquale on economic consequences of failure in Pennsylvania's efforts to meet EPA requirements for clean up of the

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**June 2-4, 2015**

**Energy Ocean**

**Conference & Exhibition**

Portland, Maine,

Contact [Jason Smith](#)

(713) 343-1886.

**June 15-18, 2015**

**2015 BIO International  
Convention**

Pennsylvania Convention  
Center, Philadelphia, PA  
Global biotech community.

More information available  
at

[convention.bio.org/register](http://convention.bio.org/register).

**June 23-24, 2015**

**BioEnergy 2015**

Washington Convention  
Center, Washington, D.C.

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Chesapeake Bay watershed. [View full article](#)

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**More PA News**

**Changes in House**

On April 13, Rep. Martina White (R, Philadelphia) was sworn in as Representative of the 170th District in Northeast Philadelphia. White was elected in the March 24 special election to complete the term of former Rep. Brendan Boyle, who resigned after winning a seat in Congress. Prior to taking office, White was a financial adviser at Independence Wealth Strategies.

On April 3, Rep. Joe Hackett (R, Delaware) announced he would resign effective April 30, to resume a career in law enforcement. Hackett will now head up the Delaware County District Attorney's Office criminal division.

And last week, the Public Schools Employee Retirement System (PSERS) announced that Representative Glen Grell (R-Cumberland) will become PSERS' new Executive Director. Grell has been in the legislature since 2004 and for half of his ten years has focused on pensions. He is also a former member of the 15-member PSERS board.

Special elections to fill the seats will be called by the Speaker of the House Mike Turzai. Those are expected to be in July or August, not prior to the June 30 budget deadline, leaving the GOP with a 118-83 edge if no other changes take place.

**PUC Seeks Comments on Revisions to Proposed  
AEPS Rulemaking**

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

compliance provisions. ERG encourages your careful review of this rulemaking and its impact on alternative energy and biomass energy projects.

The Commission voted 5-0 to adopt the proposed [Advanced Notice of Final Rulemaking Order](#) and to receive comments on the proposed changes to existing regulations. Among other things, the proposed revisions 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.

On Feb. 20, 2014, the Commission issued for comment a Notice of Proposed Rulemaking. The proposed rulemaking was published in the Pennsylvania Bulletin on July 5, 2014, and the 30-day comment period was extended to Sept. 3, 2014.

Based on public comments received, Commission staff revised and clarified the proposed rulemaking in several capacities before finalizing the Advanced Notice of Final Rulemaking Order. The Commission seeks additional comments on these revisions, which include:

- An increase in the proposed system design limit of a new customer-generator, from 110 percent to 200 percent of historical (or estimated, for new construction) annual consumption;
- A revised definition of "customer-generator" and an added definition of "utility" to clarify that the definition applies to electric utilities, suppliers and merchant generators - and that non-electric utilities are excluded from the ban of utilities qualifying as a customer-generator;
- A shortened response time for a net metering applicant to receive a determination from the PUC;
- A revised definition of "alternative energy sources" to reflect the amendments to the definition for "low-impact hydropower" and "biomass facilities" from Act 129; and
- Added definitions for "grid emergencies" and "microgrid" in the context of the qualifications required of a customer-generator.

Commissioner James H. Cawley issued a [statement](#) regarding the proposed increase from 110 percent to 200 percent for the generation design limit for new alternative energy systems.

"Choosing between 110 and 200 percent appears to be largely driven by a review of the output of existing customer-generator systems. On the one hand, a higher percentage provides greater flexibility to early adopters of these distributed generation (DG) systems," said Commissioner Cawley in his statement. "Conversely, when and if DG systems become more commonplace, these early, higher-volume DG systems may crowd out future DG systems if local distribution system constraints either make future net-meter interconnect applications impossible or more costly to accommodate ... I welcome further comments on what the optimal solution is regarding this issue."

Commissioner Cawley also solicited supplemental comments on the need for further future changes on customer-generator interconnection regulations related to smart inverters.

Written comments referencing the docket number of the proposed rulemaking are due within 20 days of publication in the Pennsylvania Bulletin to the Pennsylvania Public Utility Commission, Attn: Secretary, P.O. Box 3265, Harrisburg, PA 17105-3265.

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 percent of electricity using alternative energy resources. The percentage of Tier I, Tier II and solar photovoltaic resources gradually increases over this period. The Act applies to both EDCs and EGSs, who must demonstrate their compliance on an annual basis.

### **PUC Releases Study Highlighting the Potential for Solar, Combined Heat and Power Technologies in Act 129 Phase III EE&C Plans**

The Pennsylvania Public Utility Commission (PUC) released and published to its website the [Statewide Evaluator's \(SWE\) Distributed Generation Potential Study for Pennsylvania](#) highlighting the potential role that distributed generation technologies such as solar and combined heat and power (CHP) can play in Pennsylvania electric distribution companies' (EDCs) Act 129 Phase III Energy Efficiency and Conservation (EE&C) Plans.

"I am particularly excited by the study's identification of CHP as a cost-effective measure for Pennsylvania's EDCs going forward," said PUC Chairman Robert F.

Powelson during a statement at today's Public Meeting. "I encourage stakeholders who plan to file comments on the [Phase III EE&C Program Tentative Implementation Order](#) to discuss how Pennsylvania EDCs can utilize CHP and the other distributed generation resources addressed in the study in their Phase III EE&C Plans. These resources can provide tremendous value to Pennsylvania utility customers while allowing EDCs to reduce energy demand in a cost-effective manner."

Comments on the Tentative Implementation Order are due Monday, April 27, 2015. Reply Comments are due May 12, 2015.

In [May](#) and [October](#) of 2014, the Commission hosted two en banc hearings to examine the development and application of CHP technologies in the Commonwealth. Panelists and presenters highlighted numerous benefits and applications of CHP in Pennsylvania in the commercial and industrial sectors. As discussed in greater detail in the study, the Commonwealth can capture approximately \$36 million in net benefits and a Total Resource Cost (TRC) ratio of 1.2 by securing the volume of Base Achievable CHP, in addition to the non-energy benefits to customers such as CO2 emission reductions, grid resiliency, and energy security. The Philadelphia region, in particular, presents great potential, with approximately \$17 million of the achievable \$36 million in net benefits possible under the Base Achievable Potential scenario.

### **House Consumer Affairs Committee Hears Mariner East Pipeline Plans**

The House Consumer Affairs Committee held an informational meeting Wednesday on the status and economic benefits of the Mariner East Pipeline project.

Joseph McGinn, Senior Manager of Public Affairs for Sunoco Logistics gave a history of pipeline projects connected to their operations, and explained that the next phase would pull ethane, propane and butane 350 miles across the state.

He explained a second phase that will stretch 350 miles and pull ethane, propane, and butane across the state. He said these efforts combined amount to a \$3 billion investment in Pennsylvania while creating more than 30,000 direct and indirect jobs. Further, he said, propane can be used as a feedstock for the chemicals industry and Sunoco is actively developing a propane cracker in Marcus Hook.

Chairman Godshall asked how many jobs will be created at Marcus Hook when everything is in play. McGinn noted that the number of jobs dropped to 50 when the refineries were idled and have already increased to 150, with a few dozen more expected to be hired. He pointed

out that starting pay for these jobs is in the area of \$80,000 per year.

Michelle Leslie, Director of Legislative Affairs for Range Resources, said supply exceeds demand in Pennsylvania and the infrastructure is insufficient, which has hindered economic growth, but that with the Mariner East pipeline, gas can be transported to eastern Pennsylvania and Marcus Hook.

Rep. Mark Longietti (D, Crawford) asked if there is enough supply for both the Shell cracker plant in the west and the Sunoco cracker plant in the east. Leslie said she was sure there is, and noted that Range wants to use the energy here, but given the oversupply Range also started looking into other areas like Europe.

Abe Amoros, Pennsylvania Legislative Director, Laborers' International Union of North America (LiUNA), said from the union's perspective, the project will be a solid and dependable job source for its members and will provide a boost to Pennsylvania's economy and tax revenues. Amoros estimated a 20 percent job increase in western Pennsylvania alone.

Chairman Godshall noted a pipeline runs through his property and acknowledged that pipelines can cause disruptions, but commented on the importance of having the infrastructure to get the product from the wells to markets.

### **PUC Implements New Methodology for Electric Generation, Natural Gas Suppliers**

The Pennsylvania Public Utility Commission (PUC) today adopted a joint motion implementing a methodology for the calculation of fees to be charged to electric generation suppliers (EGSs) and natural gas suppliers (NGSs) under Act 155 of 2014 (Act 155).

The Commission voted 5-0 to adopt the [joint motion](#) by PUC Chairman Robert F. Powelson and Commissioner Gladys M. Brown, which modifies the [Tentative Implementation Order](#) to amend the way indirect Commission costs will be calculated related to PUC oversight and assessments of EGSs and NGSs.

The Commission is primarily funded by assessments of regulated entities based upon intrastate revenues. Assessments are paid into the State Treasury's General Fund for use solely by the Commission.

On Dec. 18, 2014, the Commission issued a Tentative Implementation Order proposing a methodology for:

- Establishing annual fees related to PUC oversight

of NGSs and EGSs, as permitted by Act 155 and Sections 2208 and 2809 of the Public Utility Code;

- The treatment of fees collected pursuant to the Federal Unified Carrier Registration Act; and
- Removal of the gross intrastate operating revenues associated with the Federal Unified Carrier Registration Act.

Act 155 was signed into law on Oct. 22, 2014, by Governor Tom Corbett. It amends Chapters 5, 14, 22 and 28 of the Public Utility Code to allow the PUC to establish annual fees to fund the Commission's oversight of NGSs and EGSs. Act 155 also allows the Commission to include the intrastate operating revenues of licensed entities in determining its budget cap, and to exclude from the budget cap funds received from the federal government and other sources to perform functions unrelated to the Commission's jurisdictional regulation.

### **Fossil Fuel Subsidy Report Released By PennFuture**

PennFuture issued an updated version of its Fossil Fuel Subsidy Report, which indicates that the dollar amount of subsidies to the highly-profitable, mature fossil fuel industry continues to balloon, having now reached \$3.25 billion annually. In 2012, the statewide environmental organization's report showed annual fossil fuel subsidies in Pennsylvania to be \$2.9 billion, at the time roughly 10 percent of the state budget. The subsidies are being granted at a time when the state faces a \$1.5 billion budget shortfall and investment in emerging renewable energy industries such as solar and wind are at fractional levels.

"This report is about transparency," said Rob Altenburg, director of the PennFuture Energy Center. "Creating billions of dollars worth of fossil fuel subsidies while neglecting sensible long-term investments is a choice that has consequences not only for the citizens of Pennsylvania today but for our children and future generations.

The people should be informed and have a say before this choice is made for them, and we hope this report launches that conversation."

While the report states that it cannot account for all subsidies including those for remediation of the impacts of fossil fuel extraction, it is able to make clearer the absence of any equivalency between support for fossil fuels and renewable energy industries such as solar and wind.

"To say that renewable energy sources only compete



when subsidized is false," said Evan Endres, program manager for the PennFuture Energy Center. "Renewable energy sources have thrived when smart policy signals that encourage healthy market growth create a level playing field instead of one distorted in favor of fossil fuels. Decades of subsidies, market supports, and burdensome legacy costs have distorted the playing field. This report is a snapshot of a single year of such distortions."

The report further notes that the cost of these fossil fuel subsidies translates to \$794 per Pennsylvania taxpayer.

PennFuture acting president and CEO John Norbeck was blunt in his assessment. "We need to evaluate the total costs of ongoing subsidies, especially with respect to unconventional shale gas development, in the hopes of avoiding the historical remediation and reclamation costs the state, and taxpayers, have endured on abandoned oil, gas and coal extraction sites. We can't go down that road again."

The full report is

here: <http://www.pafossilfuelhandouts.org>

### **Public Hearings Scheduled on Changes to Chapter 78**

DEP has filed a public notice extending the comment period on the Draft Final Rulemaking: Environmental Protection Performance Standards at Oil and Gas Well Sites to May 19, 2015. In addition to the comment period extension, the Department of Environmental Protection (Department) will be holding three public hearings on the draft final rulemaking to gather public comments.

The hearings will be held from 6 p.m. to 9 p.m. on the following dates:

April 29, 2015 Washington and Jefferson College  
Rossin Campus Center-Allen  
Ballroom  
60 S. Lincoln St.,  
Washington, PA 15301

April 30, 2015 Warren County Courthouse  
204 4th Avenue  
Warren, PA 16365

May 4, 2015 Pennsylvania College of Technology  
Klump Academic Center  
One College Avenue  
Williamsport, PA 17701

Persons wishing to present testimony at a hearing are requested to contact the Department's Policy Office at (717) 783-8727 in advance of the hearing to reserve



time to present testimony. Witnesses are requested to submit three written copies of their verbal testimony to the hearing chairperson at the hearing. Organizations are limited to designating one witness to present on their behalf at each hearing.

Testimony is limited to 5 minutes for each witness. Witnesses will be called to testify in the order they registered. If time permits at the hearing, those who did not register in advance will be given the opportunity to testify.

The Department requests that commentators focus their comments on language that is changed from the proposed rulemaking and that comments be submitted separately for each chapter to aid in comment review and response.

The draft final rulemaking is available electronically through the Department's web site at [www.dep.state.pa.us](http://www.dep.state.pa.us) (Select "Oil and Gas Rulemaking" button).

In addition, the House Environmental Resources and Energy Committee will be holding a hearing on DEP's handling of the proposed final version of the Chapter 78 (conventional) and 78A (Marcellus Shale) drilling regulations on May 7 beginning at 9:00 am in Room 140 of the Main Capitol Building.

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## **Regional News**

### **NJ Lawmakers Look to Pass Bill on Waste to Energy**

The New Jersey legislature is taking steps to provide relief to landfills trying to attain the state's strict environmental standards which in some instances can be four times tougher than those set by the EPA.

Up for consideration is Assembly Bill 3358, which mirrors its companion legislation, Senate Bill 2076. The goal of Assembly Bill 3358 is to find ways to offset losses and other costs associated with the stringent emissions standards. Many landfills would like to see that compensation by way of energy certificates to help offset the losses they face in order to meet environmental regulations.

If the bill is not passed, it is likely that some landfills may have to discontinue their methane capture activities and methane generated at those sites could be wasted with the result being the loss of around 20 megawatts of energy at some of those facilities.

According to Fred DeSanti, a lobbyist behind several of

the stakeholders interested in this bill, Landfills in New Jersey currently only receive 5 percent of the credits needed to meet the state's environmental regulations.

The energy certificates, as outlined in the bill, would shift the cost to utility customers.

### **Cuomo Takes Aim At Making Solar Power More Affordable**

In an effort to spur his "Reforming the Energy Vision" plan, Cuomo is encouraging residents to come together with others in their community to install solar panels on a larger scale.

This program provides up to a 20% discount along with reducing some of the obstacles that many face when trying to install solar including the need for feasibility studies and trying to find the right contractor.

"Solar power is helping to save money and conserve energy across the state - and one of the best ways for local communities to install solar infrastructure is to come together and take advantage of even more cost-effective rates," Cuomo said.

Meanwhile, NYSERDA has partnered with 26 communities throughout the state in an effort to get more New Yorkers to sign onto the Community Solar NY Program which supports the campaigns by providing marketing materials, a streamlined customer acquisition platform, technical assistance and funding.

NYSERDA President and CEO John B. Rhodes said, "Governor Cuomo's groundbreaking energy strategy calls for expanding power production systems located at businesses, homes, schools and in communities. Community Solar NY is off to a very strong start, demonstrating that communities are excited to adopt solar and to reduce their costs by working together."

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### **Federal News**

#### **Biden Visits Phila as White House Releases New Energy Plan**

On Tuesday, Vice President Biden held a press conference at the PECO Energy Co. facility in Philadelphia to tout the administration's new long term energy plan that will help fight climate change. He was joined by US Energy Secretary Ernest Moniz and John Holdren, policy director of the White House Office of Science and Technology.

The plan indicates that the U.S. is in the midst of an energy boom, becoming the leader in oil and natural gas production. According to the White House, it has seen energy from solar power increase 20 times what it was in 2008 and the amount of wind energy produced has tripled since that time.

Biden focused his comments on the aging infrastructure and work force that supports the industry. He referred to the infrastructure as "incredibly outdated" and acknowledged that, "much of it was built decades ago, and can't handle today's demands."

In a press release accompanying the plan, the White House indicates that it will be addressing various challenges and issues facing the energy industry including protecting energy plants from cyber and physical threats; moving liquid fuels and electricity from supply regions to demand centers; and preparing workers for 21st century jobs in energy industries.

PECO Energy is the recipient of a \$200 million federal stimulus grant to help develop technology like smart meters to allow customers to monitor and reduce their usage.

### **What is a "QER?" Outline for Energy Policy**

This week, the Obama administration rolled out its first Quadrennial Energy Review (QER), a broad study of the nation's energy policies that calls for programs aimed at making the electric grid more resilient, accelerating the replacement of aging pipelines, improving measurement of methane emissions, coordinating products shipped by rail and reviewing the release authorities of the Strategic Petroleum Reserve. The QER is available here. <http://1.usa.gov/1HQgj91>  
[View full article](#)

### **US House Approves 'Mini' Shaheen-Portman Bill - On President's Desk**

The US House voted Tuesday and passed S. 535, the Energy Efficiency Improvement Act, which is being called "mini" Portman-Shaheen. The bill includes language that exempts certain grid-enabled water heaters from DOE efficiency standards that took effect last week, a move supported by efficiency groups, environmentalists and electric co-ops. The bill was considered under a process used for the quick passage of uncontroversial legislation and is now on the President's desk for his signature.

The bipartisan legislation includes language from a bill that was advanced by the Energy and Commerce

Committee and approved by the full House last year.

The bill includes three provisions drawn from a larger efficiency bill sponsored by Portman and Shaheen. The bill has provisions that: (1) promote commercial building energy-use benchmarking and disclosure; (2) establish a voluntary "Tenant Star" program to promote energy efficiency in rental property; and (3) adjust efficiency standards for "grid-connected" water heaters, so that water heaters needed for demand response and thermal storage programs can continue to be sold.

The bill will have modest impacts on energy consumption. ERG notes that while the political parties in Washington have found little they agree on, energy efficiency is one issue where bipartisan support from leadership has jelled to pass legislation. The bill passed both the House and Senate by overwhelming margins.

Hopefully this is a good sign for future energy efficiency bills. The Senate Energy and Natural Resources Committee will hold a hearing April 30 on a broader array of energy efficiency bills, and the House Energy and Commerce Committee is expected to hold a similar hearing soon.

In a joint statement, House Energy and Commerce Committee Chairman Fred Upton (R-MI), Ranking Member Frank Pallone, Jr. (D-NJ), Energy and Power Subcommittee Chairman Ed Whitfield (R-KY), and Subcommittee Ranking Member Bobby Rush (D-IL) said, "We are thrilled that this efficiency bill will soon become law and we hope it isn't the only energy bill that advances to the president's desk this Congress. The QER released today highlighted the need for more legislative action on efficiency, as well as other areas like energy infrastructure, workforce, and pipeline safety. Today's vote was just the first step in an effort to update our nation's policies to meet the energy challenges of today and the future. We will continue working together to build upon this bipartisan success."

S. 535 had passed the Senate on a 4 a.m. voice vote before the chamber broke for its spring break last month.

### **House Energy and Power Subcommittee Marking Up Ratepayer Protection Act**

The Subcommittee on Energy and Power today voted to approve the Ratepayer Protection Act by a vote of 17 to 12. The Ratepayer Protection Act is a commonsense solution to protect ratepayers from higher electricity prices, reduced reliability, and other harmful impacts of EPA's proposed Clean Power Plan. The bill extends the compliance deadlines until after judicial review is completed, and provides that a state would not be forced

to implement a compliance plan if the governor finds it would have significant adverse effects on ratepayers or reliability.

While the Clean Power Plan will have a no meaningful impact on the U.S. or global climate, it will have an impact on American families and businesses. The subcommittee has held five hearings on EPA's Clean Power Plan since it was proposed, which have identified the fundamental legal flaws of the plan, the myriad implementation challenges, the pressing reliability concerns, and the significant economic harm to ratepayers, including the nation's lower income and most vulnerable.

"We believe these major problems can be addressed with the Ratepayer Protection Act," said Energy and Power Subcommittee Chairman Ed Whitfield (R-KY), "The bill does not repeal the Clean Power Plan nor does it preclude a state from moving forward with EPA's agenda. It simply creates a voluntary process to prevent the proposed rule from imposing unnecessary economic hardship."

House Energy and Commerce Committee Chairman Fred Upton (R-MI) added, "Numerous states have raised legal, feasibility, and economic concerns about the administration's plan. The Ratepayer Protection Act translates these concerns into sensible safeguards that protect ratepayers both large and small."

At a recent subcommittee hearing, Laurence Tribe, noted legal expert and professor at Harvard Law School, criticized EPA's plan for its blatant disregard of the constitution, arguing that EPA "lacks the statutory and constitutional authority to adopt its plan" and compared EPA's overreach to "burning the constitution." Legal expert Allison Wood similarly testified that "EPA's proposed section 111(d) rule suffers from many legal infirmities and violates the Clean Air Act."

**Obama proposes \$3.5 billion gas pipeline overhaul**  
But Republicans are skeptical about providing the money (*from POLITICO*)

The Obama administration on Tuesday proposed spending as much as \$3.5 billion to replace aging natural gas pipelines nationwide - a move that comes just as POLITICO published a lengthy investigation of the public safety threat posed by pipelines and the numerous problems plaguing the federal agency that regulates them.

The announcement, part of the QER, is aimed at addressing the dangers to both public safety and the climate from pipelines that leak or rupture.

But the amount of money the administration is proposing is just a fraction of what it would take to replace the hundreds of thousands of miles of decades-old cast-iron and bare-steel natural gas distribution pipes - the lines that are considered most vulnerable to ruptures. A full replacement would cost \$270 billion, the report says. And the whole proposal immediately ran into GOP skepticism. ([MORE](#))

### **EPA Sued, Takes Steps to Propose New Rules**

After missing several deadlines for implement requirements of the 2005 Renewable Fuel Standard (RFS), the EPA found itself on the receiving end of a law suit jointly filed by the American Petroleum Institute and the American Fuel and Petrochemical Manufacturers.

The RFS requires companies to blend in 36 billion gallons of renewable fuels, such as corn-based ethanol, into the nation's motor fuel supply by 2020. EPA has estimated this would displace about 7 percent of gasoline and diesel fuel use by the same year.

But as auto manufacturers are making vehicles more fuel efficient, refineries are become increasingly concerned that they will soon be up against a "blend wall" where they cannot infuse more renewable fuels into the motor vehicle fuel blends without subjecting vehicles to more risks.

Caught between the ethanol industry and the petroleum-gasoline companies, EPA has not set its required yearly blend requirements since 2013. Spurred on by the suit last month, the EPA has announced it will issue proposed rules for 2015 and 2016 blend requirements by June 1, and final rules for 2014, 2015, and 2016 by Nov. 30.

This seems to have done little to provide a sense of relief to the industry. Rich Moskowitz, general counsel of the American Fuel and Petrochemical Manufacturers said in a statement, "We remain concerned with the government's implementation of this broken program. EPA's failure to comply with the statutory deadlines injures refiners and exacerbates the problems associated with this unreasonable government mandate."

### **Subcommittee to Commence Work on Energy Bill with Review of 21st Century Workforce Title**

The Subcommittee on Energy and Power has scheduled a hearing for Thursday, April 23, 2015, at 10:00 a.m. in room 2123 of the Rayburn House Office Building. The hearing will examine legislative language to create a

21st century energy and manufacturing workforce. Witnesses to be announced.

This workforce language will be included in the committee's Architecture of Abundance energy legislation. The committee previously released a [framework](#) for this comprehensive effort that will address four key policy areas: modernizing infrastructure, a 21st century energy workforce, energy diplomacy for a changing world, and efficiency and accountability.

Title II, 21st Century Workforce, directs the Secretary of Energy to establish a comprehensive program to improve education and training for energy and manufacturing-related jobs.

Legislative text will be made available prior to Thursday's hearing. The Majority Memorandum, a witness list, and witness testimony will be available [here](#) as they are posted.

### **Is the End of Fossil Fuels Near?**

At the recent Bloomberg New Energy Finance (BNEF) New Energy Summit, BNEF founder, Michael Liebreich's keynote address seemed to indicate a growth in the gap between fossil and clean fuels.

Liebreich announced that in 2013, that in new energy generating capacity installed world wide, clean energy edged out fossil fuels 143 GW to 141 GW. Clean energy, as termed by Liebreich, includes nuclear power, hydro, solar, wind, geothermal, biomass, and waste. He anticipates that gap to grow wider in the next 15 years - 164 GW "clean" to 110 GW fossil in 2015; 279 GW "clean" to 64 GW fossil in 2030.

"The electricity system is shifting to clean," Liebreich declared. "Despite the change in oil and gas prices there is going to be a substantial buildout of renewable energy that is likely to be an order of magnitude larger than the buildout of coal and gas."

BNEF predicts the decline of fossil fuels over the coming years will mainly be from coal and oil, with natural gas fired capacity staying relatively flat at around 50 GW annually through 2030. The game changers on the "clean" energy side? BNEF predicts solar and wind will be the driving force behind the increased growth.

### **Obama proposes \$3.5 billion gas pipeline overhaul (continued)**

The report calls for creating a DOE program to offer



states financial incentives to replace and repair their aging infrastructure, while cutting greenhouse gas emissions from distribution lines that carry natural gas to homes and businesses. The price tag would be \$2.5 billion to \$3.5 billion over 10 years.

Since 2002, about a quarter of all reported pipeline incidents involved failed parts that had been installed before 1970, including 91 incidents in which the parts were at least 80 years old. During the past 12 years, spills, breaks and other accidents from all gas, oil and hazardous liquids pipelines caused a total of more than \$5.5 billion in damage.

While the Energy Department has the authority to create the program, it would rely on Congress to approve the money - setting up a clash with Republicans who see little reason to flood the administration with cash to fix a problem that the industry is already touting its progress in tackling. GOP lawmakers quickly bashed the DOE report's recommendations across the board.

The industry has said "they don't need grants; they need permit and [regulatory] certainty."

Matt Sparks, a spokesman for House Majority Leader Kevin McCarthy (R-Calif.), pointed to three oil and gas infrastructure bills that the chamber has already passed with Democratic support this year, including a measure that President Barack Obama vetoed that would have approved construction of the Keystone XL oil pipeline. "If the administration is serious about securing our energy future, a good start might be" by working with Republicans on those bills.

Still, the administration remains hopeful that it can find a compromise with Congress on a pipeline replacement program that would pay job-creation as well as environmental dividends, particularly as Republicans work on broad energy legislation. "We are eager to engage with Congress and see if we can find common ground," White House energy and climate adviser Dan Utech told reporters on a conference call earlier Tuesday. "We think this is a really important area for working together."

Former National Security Council energy adviser Jason Bordoff, the founding director of Columbia University's Center on Global Energy Policy, said both parties should be able to agree on the administration's call for addressing "crumbling gas pipelines" and the report's other recommendations.

"These aren't things that should be partisan issues," he said. "It's obviously hard to come up with money in today's environment, but these are things that are necessary to do."

An Energy Department official said DOE will not include the program in its fiscal year 2016 budget request. The department plans to work on designing the program this year and anticipates requesting funding in fiscal year 2017, the official said.

The administration's proposal would encourage states that are replacing older pipelines to focus their spending on averting electricity rate increases, and lower-income ratepayers would get up to four years of aid to deal with potential price hikes stemming from the replacement program.

That emphasis on lower-income Americans left some in the industry wondering why DOE hopes to create a new way to give electricity rate relief that the government already provides through HHS.

"More than anything, we're puzzled by this request, because it's such a convoluted approach when there's such an obvious solution - funding the documented need in" the HHS Low Income Home Energy Assistance Program, said an industry source tracking the proposal who addressed it on condition of anonymity.

The Energy Department would set guidelines to evaluate the applications based on their expected benefits to public safety, cost effectiveness and the degree to which the proposal will cut emissions of methane - a greenhouse gas that's shorter-lived than carbon dioxide but over 20 times more potent.

"While I am pleased to see the continued Administration support for natural gas in our clean energy future, it is critical to recognize the significant work already underway, and the contributions current industry efforts are making," American Gas Association President Dave McCurdy said in a statement on the DOE report.

Green groups that have long pushed for greater government and industry investment in upgrading natural gas pipelines cheered DOE for highlighting the issue. Natural Resources Defense Council senior policy analyst Carl Zichella pointed in an interview to the "huge public safety implication" of a multibillion-dollar program to tackle "aging infrastructure that's becoming increasingly dangerous."

Indeed, the DOE report says most natural gas pipeline accidents occur on distribution lines located near dense population centers. Cast-iron and bare-steel pipelines account for 9 percent of the country's distribution pipelines even while they result in 30 percent of methane emissions from gas distribution systems, the report said.

DOE projects that investments in interstate natural gas pipelines will range between \$2.6 billion and \$3.5

billion annually over the next 15 years.

Modernizing pipelines also would pay dividends for Obama's climate agenda, given the propensity for older infrastructure to leak methane. Environmentalists note that one-third of the leaks that persist come from older lines that are prevalent in the northeast, where Massachusetts Democratic Sen. Ed Markey hailed the DOE report on Tuesday and vowed to reintroduce legislation that would speed up replacement of aging pipes.

N. Jonathan Peress of the Environmental Defense Fund noted in March that although the industry has upgraded almost 40 percent of the most out-of-date pipelines as of 1990, the majority of them are still in operation "and still leaking."

Rob Jackson, a professor of environmental sciences at Stanford who has studied pipeline infrastructure, called the QER recommendation a "great first step."

"There are many reasons to repair and replace these old pipelines and climate change, methane emissions, that's only one reason," he said in an interview. "Pipeline replacement programs will improve consumer safety, improve air quality and create jobs as well."

He estimated that a major campaign to replace the country's aging pipeline infrastructure would take at least 10 to 20 years.