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July 17, 2015

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[Project Would Bring 400,000 Tons of Drilling Waste to PA's Grand Canyon](#)

[NYC Mayor Announces He Wants to Power City With Renewable Energy](#)

[Natural Gas Overtakes Coal as Biggest Electric Power Supply in US](#)

[Why Marathon Wants to Acquire MarkWest \(blog\)](#)

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[Study Shows Northeast States Benefit Most From Clean Power Plan](#)

[National Governors' Association Issues Recommendations on Water Usage in Fracking](#)

[New Study Shows Greater Potential for Utica Shale](#)

#### EVENTS

July 19-21

### Now What?? Who Controls the Cards?

Two weeks into the 2015 state budget impasse, we are reminded of a line from Tom Clancy's *Executive Orders...* "Diplomacy was like a card game. The difference was that you never really knew the value of the cards in your own hand."

This week, Republican leaders and met with Governor Wolf and his negotiators, and both left the meeting still certain they had the winning hand. It's beginning to feel like the two sides are each in a game of wild card poker and each is holding Aces and eights with a wild card.

Wolf "knows" his election carries weight. The Republicans "know" their increased number carry weight. But since the public doesn't get to vote again until November of 2016, the true value of those hands dealt the two sides are truly unknowns.

Since the initial veto of the entire budget, Wolf then vetoed education funding, liquor privatization and pension reform legislation passed by the General Assembly, and Republicans found themselves the targets of a half million dollar attack ad buy financed by the Democratic Governors' Association and union funds. Similar ad campaigns have been launched by the Pennsylvania Chamber of Business and Industry, Americans for Prosperity and a PAC tied to GOP Sen. Scott Wagner of York, all taking aim at the Governor's budget posture. ([MORE](#))

#### Regional News

#### Federal News

### More State News On other fronts...

Word leaked out that Democrats at the state and national level are pressuring Wolf's Chief of Staff Katie McGinty to run for the US Senate in 2016. McGinty has said she'd be there to work out a final budget, but didn't rule a run out, and reportedly attended a retreat last weekend in

**2015 PFI Annual  
Conference**

Williamsburg Lodge  
Williamsburg, VA  
[More information](#)

**July 20-24  
Energypath Camp &  
Conference**

University of Scranton  
Scranton, PA  
Compiled July 20-22  
Conference July 23-24  
[More information](#)

**July 21  
Wood Energy Projects for  
Commercial &  
Institutional Facilities**

State College, PA  
[Register here](#)

**August 4  
Environmental Justice  
Board Meeting**

Harrisburg, PA  
Contact (484) 250-5818

**August 18  
Environmental Quality  
Board (EQB) meeting**

Harrisburg, PA  
Contact (717) 783-8727

**August 25  
Oil & Gas Technical  
Advisory Board meeting**

Harrisburg, PA  
Contact (717) 772-2199

**August 27  
Conventional Oil & Gas  
Advisory Committee  
meeting**

Harrisburg, PA  
Contact (717) 772-2199

**October 18-20, 2015  
Renewable Energy  
Markets 2015**

Hilton Crystal City  
Washington, D.C.  
[Register here](#)

**October 26-28  
National Advanced  
Biofuels Conference &  
Expo**

Hilton Omaha  
Omaha, NE

Martha's Vineyard for current and potential Democratic US Senate candidates. The prospect of a budget win for McGinty en route to a race against Sen. Pat Toomey does not add incentive to the GOP to yield in negotiations, nor to speed up the process.

Allentown Mayor Ed Pawlowski halted his own Democratic run for the US Senate seat after FBI agents served search warrants, conducted interviews and seized documents, computers and other electronic devices from City Hall. And now this week, the federal agents performed a similar raid in the Reading Mayor's, City Council, Finance and Comptrollers Offices.

And taking the political news headline in PA politics, former Harrisburg Mayor Stephen Reed was indicted by a grand jury on almost 500 counts ranging from tampering with evidence and theft of services to official bribery.

**Wolf Announces Appointees to Pipeline Task Force**

Governor Tom Wolf this week announced the names of 48 individuals who were selected to participate on the Pennsylvania Pipeline Infrastructure Taskforce, chaired by Department of Environmental Protection Secretary John Quigley. The group of experts and stakeholders will recommend policies, guidelines and best practices to guide the anticipated and unprecedented build-out of pipeline infrastructure expected to take place across Pennsylvania during the next decade.

"Pipeline expansion is important to our economy and growing energy sector," Governor Wolf said. "We will work together to make sure that this important infrastructure can be developed effectively and responsibly with consideration for the environment, residents and local communities."

The task force is made up of representatives from state agencies, the legislature, federal and local governments, the pipeline and natural gas industries and environmental groups. Experts were drawn from across the state and country.

[\(MORE\)](#)

**PUC Could Revoke Licenses for Electric Suppliers and Brokers**

Last week, the PUC issued an order to more than two dozen energy suppliers and brokers that they must provide proof that they have a bond in the amount authorized by the state or risk losing their license.

The 27 identified suppliers and brokers are: Batchelor Energy; Best Energy; BTU Energy; Commercial and Industrial Energy Solutions; Dash Energy; Energy Brokers; Energy Window; Facility Solutions Group; Geary Energy; Great Lakes Energy; GSE Consulting; Hawk Energy; Moxi Energy Advisors; National 1 Energy; National Power Source; Pennell & Wiltberger; Platinum Advertising II; Reliable Power; Shimsek Energy; Sprague Operating Resources; The Energy Link; Topco Associates; Ultimate Energy Advisors; United Power Consultants; US Sun Energy; Utility Savings Solutions; and Whitefence.

All companies failed to respond to the previous two letters sent by the PUC. They now have 30 days, after which the Commission will begin cancelling licenses.

[More information](#)

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## CFA Approves Funding for Biomass Project

The Commonwealth Financing Authority approved funding July 8 that will support a Clearfield County biomass boiler project with an investment of \$500,000 from the Alternative and Clean Energy (ACE) program.

The Commonwealth Financing Authority (CFA) approved one Alternative Energy Production project through the state's Alternative and Clean Energy program that is projected to result in more than \$2.17 million in additional economic investments.

West Branch Area School District will receive a \$500,000 grant for the installation of a biomass boiler system in Morris Township. The system will be used to heat both the elementary and secondary school buildings. With the current boiler system, West Branch Area School District uses oil for 100 percent of its heating demands. With the installation of the new biomass boiler system, the usage of oil will decrease to 20 percent of the heating requirements for the school, saving approximately 53,832 gallons of oil per year. The biomass system will burn approximately 738 tons of locally grown wood fuel per year and provide annual savings of \$137,214 for the school district.

The ACE Program provides financial assistance in the form of grants and loan funds that will be used by eligible applicants for the utilization, development and construction of alternative and clean energy projects in the state.

For more information about the ACE program, the CFA, or a complete list of approved projects, visit [www.newpa.com/cfa](http://www.newpa.com/cfa).

## First Utica Shale Well to be Drilled in Lawrence County

Rex Energy Corp. has announced that it will drill its first dry natural gas well sometime in the next quarter.

The well will be drilled in the western part of Lawrence County near the Ohio border and sales will start the fourth quarter of 2015.

"Our first test well in the Western Lawrence Utica is another important step for Rex Energy as we continue to develop our core assets", said Tom Stabley, Rex Energy's Chief Executive Officer. "With 200 drilling locations in the Western Lawrence Utica and gathering and processing infrastructure already in place, the Western Lawrence Utica acreage provides us with flexibility within our Appalachian Basin assets."

## Regional News

### Report Shows NJ May be Better Prepared Than Others to Meet Clean Power Plan

A recently updated report by PJM Interconnection, shows that New Jersey may have an easier time complying with the Obama administration's initiative to reduce greenhouse gas emissions.

PJM Interconnection, the operator of the Nation's largest electric grid, based their projections mainly on how energy is made for consumption. In New Jersey, most electricity is produced by nuclear and natural gas plants and not much produced by coal fired generation.

Another factor in the state's favor is the aggressive policy to have 22.5 percent of the state's energy produced from renewable sources by 2020.

### **WV DEP Finds Drill Cuttings Are Safe in Landfills**

The West Virginia Department of Environmental Protection has completed a legislatively mandated study of the impact from disposal of drill cuttings and drilling waste from natural gas well sites in landfills.

The agency was directed to focus on five key areas: 1.) Hazardous characteristics of leachate collected from solid waste facilities (landfills) receiving drill cuttings and drilling waste from natural gas well sites, 2.) Potential negative impacts on the surface water or groundwater resources of West Virginia associated with the collection, treatment, and disposal of leachate from those landfills, 3.) Technical and economic feasibility and benefits of establishing additional and/or separate disposal locations which are funded, constructed, owned and/or operated by the oil and gas industry, 4.) Viable alternatives for the handling, treatment and disposal of drill cuttings, and 5.) The feasibility of developing an alternative means of handling the disposal of drill cutting waste.

The research "found little concern" regarding leachate associated with "drill cuttings that were placed in approved and permitted landfills, once that leachate was processed through a correctly operated treatment facility."

[The report can be read here.](#)

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## **Federal News**

### **Another Shot in "War on Coal?"**

Thursday afternoon, the Obama Administration issued a new proposal to strengthen rules on coal mining near streams and wetlands, a move that will restrict mountain top removal operations in Appalachia.

The proposed rule, from the Interior Department's Office of Surface Mining (OSM), would update 32 year old standards that create a buffer zone around streams, prohibiting mining activities and waste from getting near them and harming the ecosystem.

In addition to avoiding streams, mining companies would have to improve their standards for testing streams for possible pollution, and the rule would require them to restore streams that get mined over.

Administration officials characterized the rule as a common-sense approach that uses the best available science to protect streams and groundwater from the effects of mining.

But Republicans and industry leaders immediately blasted the rule as part of President Obama's "war on coal" and challenged the idea that the 1983 standards need updating.

The proposed rule comes years later than environmentalists would have liked, and it provides further ammunition to critics who complain the White House has launched a "war on coal."

### **Senate Hopes to Move Energy Package**

This week, US Senate Energy and Natural Resources Chairwoman Lisa Murkowski (R, Alaska) said a draft four-tiered energy package is coming soon. "Hopefully by the end of this week," the Alaska Republican said Wednesday. She also predicted it'd move through the committee this month. Aides for Murkowski and ranking member Maria Cantwell (D, Washington) have been working on a bipartisan draft. Apparently, from what ERG has learned there are a "small handful of outstanding issues" remaining. Cantwell said getting a markup on the legislation would be "ambitious," but said there's good bipartisan support for the pieces.

Congress has a busy legislative agenda for the second half of the year, with the committee's work on comprehensive legislation a focus. It has held four hearings on the legislation in the last month, looking at energy efficiency, infrastructure, supply, and accountability.

Senate Democrats outlined six principles for a national energy policy in a letter to all 50 governors. Those include investing in clean energy, empowering consumers, modernizing infrastructure, cutting pollution and waste, and investing in research and development.

Federal tax reform looks legislation may be a difficult sell. One bill, the Master Limited Partnerships Parity Act has bipartisan support and would somewhat level the playing field for advanced energy technologies, by including renewable energy projects in the MLP ownership structure. At this point, the question is whether the Senate has time to spend on the issue.

### **Energy and Power Subcommittee Convenes Hearing on Pipeline Safety Act**

In his opening statement Tuesday, Energy and Power Subcommittee Chairman Ed Whitfield acknowledged this was the first oversight hearing on the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 and its implementation by the Pipeline and Hazardous Materials Safety Administration (PHMSA).

He was critical of PHMSA's response to implementing the required mandates. "Many of the mandates - at least 17 out of 42 included in the Pipeline Safety Act, have not been completed, including several described as key mandates with potentially large impacts on pipeline operations nationwide."

All testimony by subcommittee members and industry panelists can be found [here](#).