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November 6, 2014

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### **Wolf Wins Governorship, GOP Expands Control of General Assembly**

Tom Wolf will become Pennsylvania's 47th Governor after he cruised to a double-digit win over Gov. Tom Corbett in Tuesday's election, but far from being a mandate, his election was accompanied by a huge Republican gains in the House and Senate.

Republicans went five for five in competitive state Senate races Tuesday, expanding their majority by three seats and defeating Democratic Senator Tim Solobay, which gives the GOP a 30 to 20 controlling majority.

In the state House of Representatives, Republicans gained eight additional seats, with only incumbent Mike Fleck, who was forced to run as a Democrat, losing re-election. Along the way, Republican candidates defeated several incumbent Democratic members, including Jesse White in Washington County, Rick Mirabito in Lycoming County, and Mark Painter in Montgomery County, widening their margin of control in the House to 119-84.

Nationally, Republicans took control of the US Senate, and expanded their control of the US House to levels not seen for the GOP since the 1920's. Pennsylvania's Congressional delegation remains 13-5 Republican, with the only change coming with the election of Rep. Brendan Boyle.

### ***Elections and Energy, Environment***

In his victory speech, Governor-elect Wolf talked about what PA can do "together." That is the key.

Democratic spokesmen and women are saying that Wolf's win creates a situation where the public will demand the General Assembly help him achieve his goals. But that's not been the case in the last four years, when Republicans controlled the House, Senate AND Governor's office.

Tom Wolf, as a Democratic Governor, will have to find ways to not only craft a majority of support, but also create an environment where GOP leadership is willing to allow policies and legislation to come to the floor for a vote. Wolf will have to learn quickly, be a listener and a negotiator to succeed, especially facing the growing GOP caucuses in the State House and a Republican Senate.

While Governor-elect Wolf led with education as a top priority in his acceptance speech, energy wasn't far behind. He indicated a desire to work with both the state's energy and logging industries to "take advantage of [Pennsylvania's] natural resources."

He also noted that coal is an ongoing part of the energy solution. Although no mention of how coal or other outdated energy sources would play into the EPA Clean Power Plan that will be largely directed by his Department of Environmental Protection staff yet to be appointed.

Wolf had said that within his first 100 days in office, he would: appoint qualified individuals to lead the Department of Environmental Protection and the Department of Conservation and Natural Resources who will address climate change and bring greater transparency to drilling activities, submit a budget that includes additional funding for the DEP so that it is sufficiently staffed and able to provide oversight of natural gas drillers, and introduce legislation to enact a five percent extraction tax on natural gas.

While it is undeniable that the handing of the state's natural gas industry played a role in this gubernatorial election cycle, the end-game is unclear and enacting Wolf's proposal to replace the current impact fee with a 5 percent tax on the market value of natural gas is a big lift.

Senate Majority Leader Dominic Pileggi (R-Delaware) took heat earlier this year for saying what many were thinking that such a tax is only a matter of time. However, most conservative Republicans, especially those vying for leadership positions in their caucuses, are opposed to such a measure. For Wolf, introducing the bill will be the easy part.

The Governor-elect had promised not to allow more drilling in the state parks and forests, and supports a moratorium on drilling in the Delaware River watershed. Restricted drilling and watershed moratoriums may be great for forests and watersheds, but it will further slow Wolf's goals of using drilling as a fundraising mechanism for specific budget items, like education, and reaching national emissions goal.

When it comes to renewable energy and energy efficiency, Wolf has said he is an advocate of expanding the state's Alternative Energy Portfolio Standards and restoring some funding to the Pennsylvania Energy Development Authority. He would also like to see new investments in energy efficiency retrofits of commercial and residential real estate.

Governor-elect Wolf had also promised to move Pennsylvania to join RGGI, the Regional Greenhouse Gas Initiative, which sets emission caps and uses revenue gained to invest in renewable energy. The addition of Pennsylvania would effectively double the footprint of the cap-and-trade program, while bringing in a state with a more diverse energy mix, but likely would require legislative approval.

### ***The General Assembly***

How the General Assembly will handle energy issues in the coming session will come down to leadership. Both the House and Senate remain in Republican control, and expanded that control on election night. The General Assembly returns to Harrisburg on November 12 for caucus elections and reorganization for 2015-2016.

The retirement of Speaker Sam Smith (R-Jefferson) will create a ripple effect on GOP leadership posts. At least two dozen Republican members are rumored to have tossed their hats into the ring for one leadership position or another. Several vacancies will create a shakeup in key committee chairmanships. House Democrats are likely to have a similar internal battle for at least two leadership positions.

Meanwhile Senate GOP leaders have found themselves publicly attacked by some members of their own caucus, a fact that could lead to a showdown, with newly elected Senators, including Scott Wagner (R-York), fueling the fire by promoting unrest in the ranks.

### ***Related News***

In Philadelphia, voters overwhelmingly approved a ballot measure to make the Office of Sustainability, a temporary create of Mayor Michael Nutter, a permanent part of city government.

### **Senate Sues to Restore Corbett Line-Item Vetoes to Fiscal Code Bill**

Senate Republican and Democratic Leadership filed a lawsuit Tuesday against Gov. Corbett for his veto of provisions in the Fiscal Code bill in July which, among other items, vetoed \$5 million in Senate and House funding for Harrisburg Parking expenses.

In a separate action in the main budget bill, Gov.

Corbett vetoed \$65 million in direct funding for all four Caucuses of the General Assembly and \$7.2 million in legislatively designated spending.

At the time, Gov. Corbett said, "As they did in the last three budgets, agencies sharpened their pencils, set priorities, and spent what they had - not what they wished they had... The same, however, cannot be said for the General Assembly."

The transition to a Wolf Administration will not affect the lawsuit. The Senate's position is a Constitutional argument that the Executive branch does not have the authority to line item veto decisions outside of the state budget document.

### **Lead Acid Battery Maker Axion to Supply 9.1MW Pennsylvania Solar Farm**

Axion Power International, a maker of lead carbon battery systems, has been selected to supply energy storage and frequency regulation to a 9.1MW solar farm in Pennsylvania, the company has announced.

The 9.1MW plant is expected to be the US state's largest PV generation facility to date when completed. Spanning 19.4 hectares, Coatesville Solar Initiative, as the project is known, received its final land approval in February 2013. Some other local permitting and state regulatory approvals are still required. The plant was originally to be 7.2MW when it was first proposed in 2012, but the project appears to have been expanded since then. [More...](#)

### **New Gas-Fired Power Plants Planned in Pennsylvania**

The Associated Press reports that Pennsylvania's can look forward to three new natural gas fired power plants. One of the plants will be located in Bradford County and the other two are planned for Tioga County. Construction could begin as early as next year.

From the AP:

Officials said at a Northern Tier Regional Planning and Development Commission meeting Friday that each plant will cost about \$20 million.

IMG Midstream, headquartered in Yardley, said nine sites are currently under development, including sites in Susquehanna and Wyoming County.

Company business development manager Matt Tripoli said most companies make power in large centralized plants and transport it long distances to be turned into electricity.

## **Westinghouse CEO Expects Nuclear Power to Grow in Energy-Hungry U.S.**

*The Tribune-Review, Nov.5, 2014*

When Westinghouse Electric Co. hired Danny Roderick as its CEO two years ago, some wondered whether anyone would ever break ground on another nuclear reactor in the United States.

The Cranberry-based company increasingly looked to the U.K United Kingdom, China, and former Soviet bloc countries as more realistic customers for its AP1000 reactors as regulators reacted to the Fukushima disaster in Japan and some domestic projects halted plans.

International markets account for 60 percent of Westinghouse's business, but Roderick sees potential for increased nuclear power in the United States, especially in the West and the Southeast, where construction began on four AP1000 reactors at two sites in Georgia and South Carolina. [More...](#)

## **Shell Plans More Public Meetings on Proposed Ethane Cracker**

Shell Chemicals is planning two public meetings to discuss its proposed ethane cracker plant in western Pennsylvania. The plan would convert natural gas liquids from the Marcellus Shale region into products used by the plastics industry.

Two identical meetings to provide "a brief overview of the proposed project" followed by a question-and-answer session will be held Thursday, November 13 at 11am and 5:30pm at the Lincoln Park Performing Arts Center in Midland, Beaver County. Both meetings are expected to last approximately two hours.

Shell first announced the project in 2012, but may spend another one to two years deciding if the project will break ground.

## **Pennsylvania Pellet Plant to be Sold at Auction November 11**

The former Great American Pellets facility, real estate and equipment assets, will be sold during an online, lender-owned auction Nov. 11 at 11 a.m. at 2115 Little Gap Road, Palmerton, Pennsylvania. Great American Pellets manufactured premium hardwood pellets in a state-of-the-art manufacturing facility. [More...](#)

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## **Federal News**

### **Republican Senators Prepare for Energy, Environmental Chairmanships Post Election**

As the balance of power in the U.S. Senate shifts from Democrat to Republican, GOP ranking members are

gearing up to lead their respective committees or make a move to a more promising option.

Sen. Lisa Murkowski (R-Alaska) intends to chair the Senate Energy and Natural Resources Committee while Sen. Jim Inhofe (R-Okla.) told reporters election day that he plans to chair the Senate Environment and Public Works Committee.

A Senate Energy committee led by Murkowski may not be so different from one led by Sen. Mary Landrieu (D-La.), as they both support fossil fuels and expanded drillings, with the exception that Murkowski will have an easier time of rallying her Republican colleagues.

The Senate Environmental committee on the other hand will be night-and-day as Inhofe steps into the role currently held by Sen. Barbara Boxer (D-CA).

Boxer, a strong supporter of the environment and advocate of clean energy, is mirrored by Inhofe, a holdout on science, who has called climate change a hoax and opposes President Obama's energy and environmental policies.

"We could be totally [energy] independent in the state of Oklahoma and in the United States of America if we didn't have Obama's war on fossil fuels," Inhofe said.

He has also pushed back on other environmental policies, such as increased nuclear energy safety, efforts to fight ozone layer depletion, and funding for cleanup of environmental contamination.

Sen. David Vitter (R-La.) is currently the top Republican on the committee; Inhofe is ranking member of the Armed Services Committee. It has been reported that Sen. John McCain (R-Ariz.), who holds seniority over Inhofe, wants to lead the Armed Services panel.

The House GOP's approach - ramming through conservative legislation by simple majority votes - won't work in a Senate that usually requires 60 yeas to get anything done. Instead, Senate Republicans will need to employ all available tactics to tackle the regulatory agenda, using tools such as authorization bills, appropriations riders, oversight hearings and use of the rarely successful Congressional Review Act.

### **Senate GOP Lays Groundwork for Energy, Climate**

Minority Leader Mitch McConnell, who plans to become Majority Leader in January, was quick to identify energy issues as some of the Senate's top priorities next session. Not surprisingly, those priorities include passage of legislation that would



enable the Keystone XL pipeline project to move forward and roll back of climate rules.

McConnell told reporters that President Obama has "no interest... in doing anything serious on the energy front. We haven't had an energy bill in seven years."

Republican gains in the Senate created a filibuster-proof majority that should give the GOP the push it needed to pass the controversial pipeline project. Before this week's election, supporters had 57 votes in the Senate, including a several Democrats. After Republican pickups, there are an estimated 61 yes votes.

"We need to embrace the energy revolution that's going on in our country and promote it," McConnell said in a speech in Kentucky Wednesday. "It's hugely advantageous, not only in the area of energy independence, but employment."

He also accused Obama of trying to implement cap-and-trade for carbon emissions with climate rule for power plants. The EPA's proposed Clean Power Plan has been a hot-button issue for Republicans and Democrats alike. Pre-Midterms, EPA chief Gina McCarthy said she was confident that the lowered emissions rule would move forward regardless of election outcomes.

However, even if the rule passes unobstructed, it is unlikely that the U.S. will hit emissions targets of a 30 percent reduction by 2030 based solely on timing of a final rule release. The EPA had wanted utilities to switch from coal to natural gas by 2020. Given the tight timeline, EPA is considering extending that date out by nearly a decade to 2029.

The shift in EPA thinking reportedly came after intense lobbying by utilities, the bulk of which said they can absorb less dependence on coal if their plants to continue functioning until they reach end of useful life before making the switch. McCarthy has said on numerous occasions that "the key to making our Clean Power Plan ambitious and achievable is flexibility."

### **Energy Weighs Impact of Looming Efficiency Regs**

Just two months before energy efficiency standards for residential central air conditioning and heat pump systems are expected to take effect, the Department of Energy (DOE) is deciding whether to rewrite the rules.

The DOE last updated the regulations for these household appliances in 2011, amending standards for products manufactured on or after Jan. 1, 2015.

Though the department has until June 6, 2017, to issue new standards, DOE's Office of Energy Efficiency and Renewable Energy issued a public notice Tuesday asking for help determining if new rules are needed. [More...](#)

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