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May 22, 2015

NEWS CLIPS

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U.S. Geological Survey
Releases Study of Wastewater
From PA Fracking

PA Water Pollution Plant to Convert Recalled Ice Cream Into Energy

Xcel Energy Named No.1 in Wind Production for 11th Consecutive Year

Glass Coating Could Make
Solar 6% More Effective
Transportation Moving Toward
Biofuels

Court Ruling Raises Questions for Energy Partnerships

Atlantic Coast Pipeline Finds
Alternate Routes in VA

DOE Releases Wind Power Report For All 50 States

EVENTS

June 2-4, 2015
Energy Ocean
Conference & Exhibition
Portland, Maine,
Contact Jason Smith
(713) 343-1886.

June 5-6

State News

Wolf, Business, Assembly Continue Chin to Chin

This week, the Wolf Administration, business community and the leaders of the General Assembly continued to face off over pension reform and severance taxes, two major pieces of the 2015-2016 budget puzzle.

The Wolf Administration had hoped to continue a focus on the severance tax and school funding, but last week, a letter from business and gas industry trade groups that said Wolf's plan will "set the commonwealth back instead of allowing the state to grow its economy, jobs and provide Pennsylvanians with lower energy bills," Wolf raised the rhetoric level in a response early this week. View full article

Regional News

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Senate Confirms Nine Wolf Cabinet Appointees

The Senate unanimously approved four of Gov. Tom Wolf's cabinet nominees last Monday, despite the ongoing battle over executive nominations and appointments between the governor and Senate Republican leadership.

Major General James Joseph was confirmed as Adjutant General and head of the Department of Military and Veterans Affairs, Secretary of Community and Economic Development Dennis Davin, Secretary of General Services Curtis Topper, and Secretary of Transportation Leslie Richardson were also confirmed on unanimous votes.

Last Wednesday, the Senate confirmed five more cabinet nominees by unanimous vote. These included Russell Redding as Secretary of Agriculture; Kathy Manderino, Secretary of Labor & Industry; Dr. Karen Murphy, Secretary of Health; and Teresa Osborne, Secretary of Aging.

Gary Tennis, who served as Secretary of the Department of Drug & Alcohol Programs in Gov. Tom Corbett's administration, was reappointed to the position and confirmed.

Former DEP Deputy Named to PUC

Governor Tom Wolf today nominated Andrew Place, corporate director for

PA Timber Show Penn State University State College, PA

More information

June 15-18, 2015 2015 BIO International Convention

Pennsylvania Convention Center, Philadelphia, PA Global biotech community. More information available at

convention.bio.org/register.

June 23-24, 2015 BioEnergy 2015

Washington Convention Center, Washington, D.C. More <u>information</u>

July 19-21 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

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energy and environmental policy at EQT Corporation, to serve as commissioner on the Public Utility Commission.

"Andrew Place brings the knowledge and expertise to help advance my vision for the PUC, and I am pleased to nominate him to serve as commissioner," said Governor Wolf. "We must ensure there is a balance between consumers and utilities. We also have to develop Pennsylvania's abundance of energy resources to make sure we have the infrastructure to support the natural gas and other energy industries. We have real opportunities to make Pennsylvania a leader in the development of renewable energy and energy efficiencies, and Andrew's know-how will be a big asset to the PUC in helping accomplish these goals. I would like to thank Jim Cawley for his service as commissioner and I wish him well."

Place is currently the corporate director for energy and environmental policy at EQT Corporation where he focuses on the economic and environmental implication of unconventional natural gas development. Prior to joining EQT in 2011, he served for eighteen months in Pennsylvania's Department of Environmental Protection, first as special assistant for energy and climate change and second as acting deputy secretary of the Office of Energy and Technology Deployment.

Before working at the Department of Environmental Protection, Place served as a research fellow at Carnegie Mellon University's Department of Engineering and Public Policy with a primary focus on Carbon Capture and Sequestration among other technical, economic, and policy issues related to energy and the environment. While remaining in his position with EQT, he accepted the role of Interim executive director at the Center for Sustainable Shale Development (CSSD) in 2012. Andrew's role at CSSD has been to raise awareness of the Center's work while supporting continued consensus for the Center's Performance Standards and certification to those standards.

Sabatina wins Special Senate Election in Philadelphia

In the race to succeed Lt. Gov. Mike Stack in northeast Philadelphia's Fifth Senate District, Democratic State Rep. John Sabatina, Jr. won, bringing the Democrats number in the Senate back to 20. Sabatina was House Agriculture and Rural Affairs Chairman. That post will be filled in June, possibly by Rep. Mike Carroll, who represents portions of Luzerne and Lackawanna Counties.

Is Shell Closer to Making Decision on Cracker Facility in PA?

At a recent event in Germany, one of Shell Company's executive vice presidents said that the company expects to make a decision "soon" on whether it will build a cracker plant and where that facility will be located. According to the EVP, Shell also has completed the front-end engineering and design studies.

Soon after, Michael Marr, spokesman for Shell said there is no timeline for decision and that "while the major (front-end engineering and design) activities have been completed, there are still hurdles to clear before we can take an investment decision to build the proposed petrochemical complex."

Marr stated that the Monaca site in Beaver County is just one of 17 potential investment decisions that Shell may make in 2015 and 2016.

"It will be assessed on its own merits, and in the context of returns and affordability from a group perspective, before a (final investment decision) is taken. This project has to compete for capital against other Shell projects worldwide."

Fewer Well Permits Means Decreased Funds For DEP Lower natural gas prices mean less drilling activity in the Commonwealth. DEP reports that unconventional well permit applications are down 30% over this time last year.

Fewer permit applications means less money coming into the DEP, which relies, in part, on this revenue stream to fund its oil and gas management program. The program is funded through a combination of permit fees, fines and \$6 million of Marcellus Shale impact fees.

The oil and gas management program totals about \$21 million of the Department's overall annual budget. The program pays for inspectors of wells and pipelines and the staff necessary to regulate the industry.

Last year, DEP raised permit fees in order to accommodate the department's mandate to supervise wells, pipelines and other oil and gas infrastructure was growing, while permit revenues had declined. Fees for horizontal wells rose from \$3,200 to \$5,000 while those for vertical shale wells went from \$2,900 to \$4,200.

DEP is not saying how they intend to make up for the lack of revenue. Spokesperson Amanda Witman said no decisions have been made about alternative funding and that the lose of revenue is not affecting the current level of day-to-day operations and services.

UGI Planning LNG Facility in Northeastern PA

UGI Energy Services, LLC, a wholly-owned subsidiary of UGI Corporation announced this week that it is planning to build a liquefied natural gas (LNG) production facility in northern Pennsylvania that will utilize Marcellus Shale gas.

The proposed facility will be adjacent to UGI Energy Services' Manning natural gas compression station located in Wyoming County, Pennsylvania. Natural gas will be supplied by its Auburn gathering system, which transports Marcellus Shale gas produced from local wells to major interstate pipelines serving markets in the Mid-Atlantic region. The LNG plant, which will include both liquefaction and local storage, is expected to be in full commercial operation by early 2017 and have the capability of producing 120,000 gallons (or 10,000 Dekatherms) of LNG per day. The total capital investment will be approximately \$60 million.

UGI Energy Services, through its wholly owned subsidiary UGI LNG, Inc., currently owns and operates the Temple LNG facility located near Reading, Pennsylvania. This facility includes 15 million gallons of LNG storage capacity and a liquefaction plant that has been recently expanded to produce up to 120,000 gallons of LNG per day.

The proposed new facility in Wyoming County will effectively double UGI's liquefaction capability and increase its LNG supply diversity. "Our existing LNG plant at Temple has been a highly reliable and valuable asset enabling us to provide critical natural gas supply during periods of extreme natural gas demand, as well as provide firm LNG supply to large truck fleets, such as UPS," said John Walsh, President and CEO of UGI. "The new plant will allow us to expand the availability of LNG to serve growing natural gas utility peak shaving demands and emerging LNG markets."

Brad Hall, President of UGI Energy Services, commented, "The market for liquefied natural gas continues to grow thanks to its affordable cost and environmental benefits when compared to other petroleum products. As a result, truck fleets, oil and gas drilling rigs and remote industrial users not

tied to the natural gas grid continue to switch to LNG. In the coming years, we also expect the use of LNG to increase in marine, rail, and mining applications."

Mr. Hall added, "We have managed our investment risk by expanding LNG capacity in stages in order to keep pace with the growing LNG market. Each stage is backed by a significant level of long-term commitments from current and new customers, while still allowing for future growth. In addition to its long history of operating LNG assets, UGI Energy Services has one of the largest fleets of peak shaving assets in the region and one of the largest retail natural gas marketing businesses, providing it with a uniquely strong position to serve the market."

Regional News

Hogan Appoints Leigh Williams To Maryland Energy Administration

Maryland Governor Larry Hogan announced the appointment of Adelisia "Leigh" Williams as director of the Maryland Energy Administration (MEA) this week.

Hogan said, "I am confident that under her leadership, the agency will continue promoting policies that work to provide affordable and reliable energy to Maryland citizens."

Williams has a wide range of experience and expertise in energy and environmental issues. Most recently, she has served as president and CEO of Avania Group, LLC. Williams has also served as an administrative specialist II in the Prince George's County Land Acquisition & Real Property Division, director of government relations for United Health Group, and has experience representing a number of utility companies including Washington Gas and Pepco. She was also an adjunct professor of law and policy at University of Maryland University College.

Williams earned a B.S. in public affairs and management from the School of Public and Environmental Affairs at Indiana University, as well as a Juris Doctorate from the Indiana University School of Law.

Report: Ohio Clean-energy Sector Hurt by Freeze on Standards

Since last June, when Ohio lawmakers froze the state's renewable energy and energy efficiency standards, the state's clean-energy sector has suffered an economic setback and will stay in jeopardy unless the freeze is lifted, an organization of business leaders, investors, and others said Tuesday.

"There are now 89,000 Ohioans working in the clean energy field at 7,200 companies in the state. Unfortunately, state policy has had a negative impact on that," said Gail Parson, Midwest advocate for Environmental Entrepreneurs, an organization of business leaders and others that promotes environmental policy to drive economic growth.

The group released a report Tuesday that claims that since Ohio Senate Bill 310 was enacted a year ago the state has taken a step back in terms of renewable energy and those 89,000 clean energy jobs are now at risk.

"Investors that once saw Ohio as a good place to do business now are looking elsewhere," said Ms. Parson, who was part of a teleconference held to discuss the report. Those looking elsewhere include solar and wind energy companies that had relocated to Ohio with the prospect of doing business here.

S.B. 310 froze for two years the state clean energy standards that were enacted in 2008. Those standards required utilities to slash customers' power usage by 22 percent and get 25 percent of their power from renewable and advanced technology energy sources such as wind and solar.

The E2 group's report said that since the freeze, which was supported by the Ohio Chamber of Commerce and several utilities including FirstEnergy Corp., "the state's clean energy industry has been in a tailspin."

Job growth in solar, wind, and other renewable energy sectors in Ohio slowed to 1.5 percent in 2014. Clean-energy companies that are growing are increasingly going out of state for work.

Opposition to Six Flags Solar Farm Mount

The Sierra Club and New Jersey's Department of Environmental Protection have joined in the opposition over the location where Six Flags Amusement Park recently announced it is considering building a solar farm. To build the solar farm, Six Flags would need to cut down thousands of trees that currently dot the landscape.

"We support solar and want to see large-scale solar projects go forward, but we are concerned the Six Flags project will harm the environment and the solar market," New Jersey Sierra Club Director Jeff Tittel said.

Deforestation is also one of the reasons the State DEP has offered to purchase the property from Six Flags. Add to this the fact that the property is adjacent to Colliers Mills Wildlife Management Area and is home to barrel owls and the northern pine snake, which are protected native species.

"The state steadfastly supports renewable energy. However, the [DEP] supports only projects that are consistent with our mission to protect and preserve New Jersey's air, land, water and natural and historic resources," DEP Assistant Commissioner Richard Boornazian wrote in the letter to Six Flags Entertainment Corp. President Jim Reid-Anderson. (MORE)

NY Issue Final Fracking Rules

The state Department of Environmental Conservation (DEC) this week released the Final Supplemental Generic Environmental Impact Statement (FSGEIS) for high-volume hydraulic fracturing that identifies and examines continued major uncertainties about potential significant adverse health and environmental impacts associated with the activity. After a required 10-day period, DEC will issue its formal Findings Statement, in accordance with the State's Environmental Quality Review Act (SEQRA).

"The Final SGEIS is the result of an extensive examination of high-volume hydraulic fracturing and its potential adverse impacts on critical resources such as drinking water, community character and wildlife habitat," DEC Commissioner Joe Martens said. "We considered materials from numerous sources, including scientific studies, academic research and public comments, and evaluated the effectiveness of potential mitigation measures to protect New York's valuable natural resources and the health of residents. I will rely on the FSGEIS when I issue a Findings Statement in accordance with state law."

The FSGEIS incorporates the State Health Department Public Health Review report issued December 17, 2014, which determined there is significant uncertainty about adverse health outcomes and whether mitigation measures could adequately protect public health, including impacts to air, water, soil

and community character.

DEC first issued a draft SGEIS for HVHF in September 2009 examining the potential impacts from HVHF, including: contamination of drinking water supplies, groundwater and surface waters; air pollution; spills; wastewater and solid waste treatment and disposal; ecological impacts; and adverse effects on communities. Concurrently, DEC also evaluated whether mitigation measures would be sufficient to prevent adverse impacts to the environment and public health.

A revised draft SGEIS was released in September 2011, which proposed to: prohibit drilling in the New York City and Syracuse Watersheds, state-owned lands and primary aquifers; restrict HVHF on certain forest and grassland areas; and require additional drinking water mitigation measures. The 2011 draft also expanded the earlier review of socio-economic and community impacts.

Since the issuance of the 2009 draft SGEIS, and the subsequent 2011revised draft SGEIS, DEC has gained a more detailed understanding of the potential impacts associated with high-volume hydraulic fracturing with horizontal drilling from: (i) the extensive public comments from medical and public health professionals, environmental organizations, municipalities, industry groups, and other members of the public; (ii) its review of reports and studies of proposed operations prepared by industry groups; (iii) extensive consultations with scientists in several bureaus within the NYSDOH; (iv) the use of outside consulting firms to prepare analyses relating to socioeconomic impacts, as well as impacts on community character, including visual, noise and traffic impacts; and (v) its review of information and data from the Pennsylvania Department of Environmental Protection (PADEP) and the Susquehanna River Basin Commission (SRBC) about events, regulations, enforcement and other matters associated with ongoing Marcellus Shale development in Pennsylvania.

During the review process, DEC hosted numerous public forums and received more than 260,000 public comments. The FSGEIS includes a lengthy summary of the public comments and DEC's Response to Comments. The Response to Comments, which is over 300 pages long, systematically reviews each type of impact and the public comments about the impacts and potential mitigation measures. In it, DEC recognizes extensive uncertainties about the impacts and how to mitigate them.

You can access a full copy of the FSGEIS <u>here</u>.

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Federal News articles

Obama Administration Managing Expectations of Climate Change Summit

Later this year, the Obama Administration will be attending a climate change summit in Paris. The Administration is hopeful of coming out of the summit with an international pact to reduce greenhouse gas emissions. But, they are being careful not to have a repeat of the last summit, held in Copenhagen in 2009. View full article

Industry Group Challenges New Crude-By-Rail Rules

The American Petroleum Industry (API) filed a court challenge to the U.S. DOT's recently released tank car safety standard rules.

API spokesman Brian Straessle said, "We definitely support upgrades to the fleet. It's a matter of timing."

The new rules by U.S. DOT would require rail tank cars that haul crude to be retired or retrofitted to the new standards by 2018. Those carrying ethanol would have an additional two years to come into compliance.

Transportation Department spokeswoman Suzi Emmerling said the rules will make crude transportation safer.

"We believe the rule will stand up to challenge in court and remain hopeful that industries impacted by these changes will accept their safety obligations and follow the new regulations," she said.

In addition to the timeline for retrofitting, the oil industry is also challenging the advanced braking system, which they contend is too costly and not proven.

Senator Introduces Bill to Establish National RES

Sen. Tom Udall (D-N.M) has introduced legislation that aims to establish a national renewable electricity standard (RES). The bill (S. 1264) would require utilities to generate 30 percent of their electricity from renewable energy sources by 2030.

His "30 by 30" legislation would create the first national standard for utility companies to provide a certain percentage of energy from renewable sources such as solar, wind, biomass, tidal and hydropower. The RES would phase in starting at 7.5 percent this year and growing to 30 percent by 2030. The RES would stand at 30 percent through the year 2039.

"A national renewable electricity standard will help slow utility rate increases and boost private investment in states like New Mexico--all while combatting climate change," said Udall, who helped pass RES legislation through the U.S. House of Representatives and has continued to champion the issue as senator. "Investing in homegrown clean energy jobs just makes sense, and that's why I'm continuing my fight for a national RES. More than half the states-Including New Mexico-have widely successful RES policies, and it's time to go all in. I've long pushed for a 'do it all, do it right' energy policy, and a RES will help us get there."

Statements from Udall's office say that the proposed RES would increase renewable energy generation 265 percent over current levels, help to support and build upon the hundreds of thousands of jobs in the renewable energy industries today. In addition, the program would save consumers \$25.1 billion in cumulative electricity and natural gas bills from 2015 to 2030.

New Biomass Bill Introduced in Senate

The BioEnergy Act of 2015, recently introduced by Sen. Ron Wyden (D-OR), would not only help spur the use of low-carbon biomass energy as a way to heat homes and businesses, it would also help reduce the occurrences of wild fires while creating jobs.

Through the establishment of a competitive, cost-share grant program, the U.S. Department of Energy, programs could be funded that would improve technologies for drying and compressing woody biomass, which improves fuel quality and allows biomass producers to more easily transport wood products from forested areas to market.

The program would also help establish new technologies that businesses and homeowners could use to provide heat and electricity. The Bill also widens the uses for small trees in forested areas, thus decreasing risks for wild fires.

"Oregonians in rural communities have already found that using biomass energy can be a low-cost, low-carbon way to heat their homes," Wyden said. "This bill will reduce wildfire risks by putting to good use the hazardous fuels that overcrowd our forests, and create jobs in rural Oregon by making it easier to take biomass projects from the woods to other parts of the country."

Additionally, the bill creates a cost-share grant program through the U.S. Forest Service for commercially proven biomass projects that are already used to power homes and businesses, as well as a loan program through the USDA for future developers.

New RFS Rules Under Review By White House

On May 7, the EPA submitted its proposed renewable fuel standards (RFS) for 2014, 2015, and 2016 to the Office of Management and Budget for review.

The proposed RFS volumes are the result of a proposed consent decree in litigation brought against EPA by the American Petrochemical Institute and American Fuel and Petrochemical Manufacturers. Under this decree, the EPA agreed to propose 2015 RFS volume requirements by June 1 and finalize volume requirements for 2014 and 2015 by Nov. 30. While not part of the scope of the decree, the EPA has also committed to propose RFS volume requirements for 2016 by June 1 and finalize them by Nov. 30. The RFS biomass-based diesel volume requirements for 2017 would also be proposed on the same schedule.

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