



# EESI UPDATE

February 2005

Environmental and Energy Study Institute...*working for innovative solutions*

## Agriculture and Energy



EESI sees renewable energy as a way to revitalize the economy of the agriculture sector economy, cut greenhouse gas emissions and build political support and leadership for renewable energy, contributing

significantly to our goal of moving the country toward a sustainable, clean energy future. EESI is working diligently to ensure successful implementation of the Energy Title of the 2002 Farm Bill. On Feb. 7, the Administration released its Fiscal Year 2006 budget, after which EESI issued a [press release](#) detailing the proposed cuts to critical 2002 Farm Bill Energy Title programs including a 56 percent cut in the popular Sec. 9006 renewable energy and energy efficiency grant and loan program. EESI will lead efforts to maintain full funding for these Energy Title programs.

In October, 2004 USDA published a proposed rule for Sec. 9006 of the 2002 Farm Bill. To engage as many responders as possible, EESI, collaborating with key stakeholders and Congressional offices successfully pressured USDA to extend the comment period. In preparing our comments, we collected reactions from grant applicants, farm groups, Congressional offices, trade associations, USDA and National Renewable Energy Laboratory staff. We invited our network to sign-on to our comments and encouraged individual submissions. Our "[Comments on the Proposed Rule to Section 9006 of the Farm Security and Rural Investment Act of 2002 \(FSRIA\)](#)" were submitted Dec. 13, in association with the New Uses Council, Harvesting Clean Energy Network, Northwest Sustainable Energy and Economic Development, National Rural Electric Cooperatives Association, National Association of State Energy Offices, among others. EESI requested USDA to allow further stakeholder review once the rule has been implemented.

The long awaited rule for federal procurement of biobased products requirements was released by

USDA January 11, 2005 as one 'umbrella' ruling that will define the categories of biobased products USDA plans to recognize. EESI prepared a "[Summary of USDA Guidelines for Designating Biobased Products for Federal Procurement](#)" to provide an overview for stakeholders and the media. A series of subsequent rules will be released over the next two years. USDA has 83 "items" they plan to define with 30 products per item. EESI is monitoring USDA's development of these rulings. In collaboration with the Biobased Manufacturer's Association (BMA), we are working to raise awareness of biobased products.

Last fall's tax bill contains biofuel (biodiesel and ethanol) blender tax incentives. The bill amends and extends the alternative fuel excise tax credits so that the ethanol and biodiesel excise tax credits will not result in a loss of funds to the Highway Trust Fund – impacts will be offset through the Treasury. We summarized the bill in a press release entitled "[Corporate Tax Bill Passes House and Senate, Awaiting Presidential Signature.](#)"

A Renewable Fuel Standards (RFS) will be introduced on the Hill again this year. It may be in the energy or transportation bills or may be a stand-alone bill. EESI is providing support to offices advocating an expanded RFS. EESI recently began a USDA-funded project with North Carolina State University, to analyze biomass incentives, including state RFSs.

EESI's Executive Director, Carol Werner, has been named to the Governor's Ethanol Coalition Working Group on Cellulosic Ethanol and is consulting with the Ohio Governor's Biomass Task Force to generate new renewable energy projects in Ohio's agriculture sector. She continues to speak on bioenergy at conferences around the country, most recently the Iowa Biocycle Conference (11/04) and the [National Association of State Energy Officials Meeting](#) (2/05). Our [BCO-Bioenergy, Climate Protection, Oil Reduction](#) newsletter continues to provide our ag/energy network with the latest information. Contact Alexandra at [amorel@eesi.org](mailto:amorel@eesi.org) to subscribe.

## Climate and Energy

Effective climate change policies can decrease global warming while bringing to society the environmental, economic, and public health benefits of renewable energy and efficiency technologies. Renewable energy/efficiency must be cornerstones of national and state energy policy.



When the Administration released its budget on February 7, EESI issued a press release on [“Renewable Energy and Energy Efficiency Programs Cut in the Administration’s Budget.”](#) EESI is participating in the FY06 appropriations strategy group in collaboration with the Northeast-Midwest Senate Coalition and the Sustainable Energy Coalition (SEC). EESI also is part of US Climate Action Network’s effort to identify and reach out to Members for long-term education with respect to climate change and climate policy, including McCain/Lieberman and Olver/Gilchrest Climate Stewardship Act bills. EESI’s weekly [Climate Change News](#) continues to be a popular and vital source of information on climate change developments.

An expanded [Renewable Energy Production Tax Credit \(PTC\) extension](#) was finally passed Oct. 11, attached to the American Jobs Creation Act. The PTC for wind and closed-loop biomass was extended and now covers geothermal, open-loop biomass, and solar. However, the credit was extended only through the end of 2005. Therefore, we will be fighting for its extension this year to prevent a recurring “boom or bust” scenario.

On Dec. 6, EESI participated in President Clinton’s energy forum in New York City. EESI was co-organizer with American Council on Renewable Energy (ACORE) of the successful Dec. 7 Policy Conference and Summit Meeting, “Renewable Energy in America: Phase II,” held in Washington, DC. The meeting included 24 speakers and an audience of over 500 from industry, finance, government and NGOs.

In other activities, EESI signed onto a SEC letter (EESI is a founder and a member of the Steering Committee) making recommendations for energy efficiency and renewable energy programs for the FY06 budget. EESI is working with the SEC to develop a “Sustainable Energy Blueprint,” laying out

SEC’s vision of a responsible and doable energy policy through 2020. On Feb. 18, EESI, with 26 other SEC members, requested the US Senate Committee on Energy and Natural Resources to [convene a conference](#) to examine the potential of renewable energy/efficiency technologies to meet U.S. energy needs, as it recently did for natural gas and coal.

February was an active month legislatively. Rep. Woolsey (D-CA) introduced The Renewable Energy and Energy Efficiency Act of 2005 (H.R.737) – which would establish a Renewable Portfolio Standard (RPS). The Climate Stewardship Act was reintroduced in both the House and Senate. Sen. Chuck Hagel (R-NE) introduced three voluntary greenhouse gas (GHG) reduction bills and Sen. Jeffords (I – VT) introduced two bills. One includes national standards for “net-metering” to allow existing alternative energy sources to be sold back to the grid. EESI supports net-metering as a critical policy tool for expanding renewable energy production. The second bill would create a Renewable Portfolio Standard (RPS), starting at 5% in 2006 and leveling out at 20% in 2020. And, on February 16, the Kyoto Protocol went into effect.

On November 9, 2004 the eight government Arctic Climate Impact Assessment (ACIA) was released, finding that climate change effects are evident today and that the Arctic is warming much more rapidly than anyone thought – twice the rate of the rest of the globe. Projected temperature increases threaten the health/food security of some indigenous peoples, wildlife and low-lying coastal states and nations. EESI will be holding a Congressional briefing on climate change in the Arctic March 15. Speakers will include Dr. Robert Corell, director of the ACIA, Dr. Heidi Cullen from the Weather Channel and Dr. Pal Prestrud, the Vice Chair of the ACIA team.

On October 7, Sen. John Warner (R-VA) submitted a last-minute amendment to the Defense Authorization Bill while in Conference that would effectively stop all US offshore wind-based renewable energy initiatives until Congress specifically authorizes the use of outer Continental Shelf land for such purposes. With others, EESI made a flurry of after-hours phone calls to key people. The amendment was subsequently withdrawn. The enacted bill also includes a three-year extension of Energy Savings Performance Contract (ESPC) authority including water efficiency, thereby improving energy and water efficiency in federal buildings and saving taxpayer dollars. EESI is an active supporter of ESPC.

## Transportation/Smart Growth



“Clean” vehicles and public transit can reduce U.S. oil imports and decrease pollution. EESI advocates for advanced vehicle technologies (e.g. hybrids) and cleaner, renewable fuels (e.g. ethanol

and biodiesel), which cut air pollution, greenhouse gas emissions, and oil use.

With the departure of Ray Minjares, our Clean Bus Project welcomed our new Policy Analyst Shefali Ranganathan in December. Shefali is continuing our monthly [Clean Bus Update](#) electronic newsletter. The *Update* has incorporated a growing number of stories related to the health effects of air pollution generated from vehicles, with a particular focus on diesel, including freight activities. Several transportation and Smart Growth briefings and fact sheets are in the works. (see Upcoming Briefings)

The Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21), the six-year surface transportation bill that provides federal funding for highway and transit projects is now in its sixth extension period that will end May 31, 2005. Members of Congress have resumed talks on the bill in the 109<sup>th</sup> Congress. Democrats, Republicans and the White House remain divided regarding funding levels, but sheer necessity may force a compromise this spring.

EESI issued [a press release](#) Feb. 7, outlining the key provisions of the Department of Transportation budget. We will continue to keep our network and the media informed about these major funding issues.

Last fall our [National Clean Bus Leadership Recognition Program](#) brought attention to six bus fleets across the country based on their adoption of emission reduction strategies that improve air quality while reducing petroleum consumption and greenhouse gas emissions. We chose a diverse group considering fleet size, location, resources, strategies, educational outreach, contribution to future clean air goals, and replicability. EESI's press releases and detailed case studies of each of the recognized fleets received a great response with coverage in a number of print, radio, and television media. Additionally, Oakland-based Alameda-Contra Costa Transit District (AC Transit) developed an advertising campaign based on its recognition by EESI.

Thank you to all the network members who responded to EESI's action alert regarding the California Air Resources Board (CARB) Proposed Public Fleet Rule. CARB definitely got the message that they must deal with the impact of their rule on biodiesel. The CARB proposed rule seeks emissions reductions from public and utility fleets by requiring them to retrofit their vehicles with “Best Available Control Technology.” Unless biodiesel is recognized in California as an alternative fuel or diesel emissions reduction strategy, this rule may require public fleets using it to switch back to using conventional diesel. CARB is now working with the National Biodiesel Board to verify biodiesel by the end of the year.

On January 25, 2005, the Federal Highway Administration (FHWA) directed states to rescind \$1.26 billion of unobligated transportation dollars. Often, state Departments of Transportation have disproportionately used Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds to comply with such rescissions. CMAQ is the largest source of federal funding that can be tapped for clean vehicle deployment. In FY03 and FY04, about 20 percent of total state rescissions came from CMAQ funds even though it accounts for only about five percent of apportioned funds. Some states have taken 100 percent of their rescission from CMAQ. **We issued an [Action Alert](#) regarding the FHWA rescission directive**, encouraging our network to get involved in the state decision-making process and urge their state to avoid rescission of CMAQ funding. If that isn't possible, states should apply the rescission proportionately. Several network members called to thank us for the alert so they could take action.

### **EESI Associates 2004/2005**

Allete (formerly Minnesota Power)  
American Council on Renewable Energy\*\*  
Austin Energy  
Bob Lawrence & Associates  
Frances S. Buchholzer  
Mortimer Caplin  
Arthur “Bill” Fisher \*\*  
Scott Fitzmorris\*\*  
Geothermal Energy Association  
National Biodiesel Board  
Polyisocyanurate Insulation Manufacturers Association  
Richard L. Ottinger  
Solar Energy Industries Association  
United Nations Foundation  
Wisconsin Energy Corporation

\*\* New in '04/'05



## Recent EESI Congressional Briefings & Educational Forums

- **Perspectives on Climate Change: Business Initiatives to Reduce Greenhouse Gas Emissions - 11/18/04** Nancy Skinner, The Climate Group; Cynthia Cummis, Climate Leaders Program, US EPA; Al Forte, Pfizer Inc.; Dr. Somadeepti Chengalur, Eastman Kodak Company; Roger Duncan, Austin Energy Services
- **Renewable Energy in America: Phase II – 12/7/04** EESI co-organized this forum with the American Council on Renewable Energy in conjunction with the House and Senate Renewable Energy and Energy Efficiency Caucuses. The forum included five interactive events and a one day conference.
- **Combined Heat and Power's Contribution to Alleviating Tight Natural Gas Markets – 1/31/05** Bruce Henning, Energy and Environmental Analysis, Inc.; Michael Parr, Dupont Corporation; Catherine Van Way, Cummins, Inc.
- **Geothermal Energy: Heating Up the Renewable Energy Portfolio – 2/8/05** Karl Gawell, Geothermal Energy Association; Matthew Brown, National Conference of State Legislatures; Roger Hill, Sandia Nat'l Lab, NM; Charlene Wardlow, Calpine Corp, CA.
- **An Energy Policy Opportunity: Realizing the Promise of Combined Heat and Power – 2/23/05** Bruce Hedman, Energy and Environmental Analysis; Tim Daniels, NYC Economic Development Corp.; John Jimison, US Combined Heat & Power Assoc.
- **Water Quality Monitoring: Answers It Provides for Water Quality Protection – 2/25/05** Robin O'Malley, Heinz Center for Science, Economy and Env't; Tim Miller, USGS; Mike Shapiro, US EPA; Sally Knowles, SC Dept. of Health and Environmental Control

## Upcoming Briefings

- **March 3 - Moving from Monitoring to Prediction: The Quality of the Nation's Streams** Richard Alexander, USGS; Dick Smith, USGS; Keith Robinson, NH USGS; Laura Blake, New England Interstate Water Pollution Control Commission
- **March 11 - Moving from Monitoring to Prediction: The Quality of the Nation's Ground Water** Lynn Orphan, Water Environment Federation; Tom Nolan, USGS; Scott Ator, MD USGS; Keith Robinson, NH USGS.
- **March 15 - The Arctic Impact Assessment and evidence of climate change in Alaska** Dr. Robert Corell, American Meteorological Society & ACIA; Dr. Heidi Cullen, The Weather Channel; Dr. Pal Prestrud, Centre for Climate Research, Oslo, Norway.
- **The crisis in children's health**
- **Public Health, clean air and energy/ transportation policy**
- **Biobased products – a solution to indoor air quality problems?**

EESI now produces DVDs of some of its Congressional briefings. Five briefings are [available on DVD at \\$15 each](#). An order form is available on our website, [www.eesi.org](http://www.eesi.org).

EESI is a nonprofit, 501(c)(3) organization, which relies on contributions from individuals, corporations and foundations to carry out our mission to build an environmentally sustainable society. Send your tax deductible contributions to: EESI, 122 C St., NW, Suite 630, Washington, DC 20001 or by going to our website, [www.eesi.org/support](http://www.eesi.org/support). Please contact us if you would like more information.

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**Environmental and Energy Study Institute**

122 C Street, NW, #630

Washington, DC 20001-2109

202-628-1400; [eesi@eesi.org](mailto:eesi@eesi.org)