

Ohio Biomass Energy Program

Promoting the development of renewable energy resources in Ohio, including wood and agricultural residues; ethanol and biodiesel biofuels; landfill gas to energy; and energy crops.

PUCO to Review Distributed Generation

On Dec. 14, 2005 the Public Utilities Commission of Ohio (PUCO) initiated a proceeding to review the Commission's actions regarding provisions of the Federal Energy Policy Act of 2005 (EPA 2005). Specifically, the Commission will review net metering, smart metering, demand response, cogeneration, and small power production issues. EPA 2005 amends the Public Utility Regulatory Policies Act of 1978 (PURPA) and requires state regulatory agencies, like the PUCO, to consider and make a determination regarding these issues.

Gov. Bob Taft asked the PUCO to initiate an exploration of options to increase Ohio's use of alternative energy as an important component of a comprehensive strategy to alleviate the burden of high energy prices on Ohioans and meet longer term energy needs.



Gov. Taft noted that the recent passage of the EPA 2005 creates an opportunity to evaluate the state's existing regulatory structure with respect to a decentralized or distributed generation from local installations utilizing non-traditional sources of energy. He asked that perceived barriers to distributed generation be addressed, including interconnection requirements, stand-by charges, and other permitting requirements.

Distributed generation is small-scale power generation equipment that is often owned by electric customers and located close to or near the customers' premises. The use of distributed generation can improve electricity quality and reliability, expand energy options for customers, and potentially reduce air pollution emissions. Bioenergy plants would include anaerobic digesters used at livestock farms or food processing facilities, wood wastes used to produce heat and electricity in the wood manufacturing industry, or landfill methane used directly as a gas or to generate electricity.

The Commission has developed a series of questions
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The Ohio Biomass Energy Program

The Public Utilities
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Governor: Bob Taft

Chairman: Alan R. Schriber

Commissioners: Ronda Hartman Fergus,
Judy A. Jones, Donald L. Mason,
Clarence D. Rogers, Jr.



(Generation, continued from cover)

regarding distributed generation issues. Responses or comments to those questions must be filed by Feb. 3, 2006.

PUCO staff will host a series of technical conferences for all interested persons to learn more about the topics that will be the focus of the Commission's review. The schedule for the technical conferences is to be announced.

To obtain copies of the documents and information related to this case, including the questionnaire form and instructions to respond to the Commission's entry, and how to receive e-mail notifications of all the filings in this case, please visit www.PUCO.ohio.gov. Click on the link to Docketing Information System and enter case number 05-1500-EL-COI.

Visit www.PUCO.ohio.gov to file responses or comments for case number 05-1500-EL-COI.

The PUCO will announce the schedule for technical conferences related to distributed generation in the near future. Stay tuned to the Ohio Biomass Energy Program page of www.PUCO.ohio.gov.

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2006 USDA Renewable Energy Systems and Energy Efficiency Improvement Grant and Guaranteed Loan Program Now Accepting Applications

Applications for the U.S. Department of Agriculture (USDA) Renewable Energy Systems and Energy Efficiency Improvement Grant and Guaranteed Loan Program are now being accepted.

The program is designed to help agricultural producers and rural small businesses reduce energy costs and energy consumption in order to help meet the nation's critical energy needs. From the 2002 Farm Bill, approximately \$23 million is available for the federal fiscal year 2006. This amount includes \$11.4 million in grant funding, which is competitive among applicants from all the states. The funding also has \$11.4 million designated for guaranteed loans.

There will likely be two rounds for the grant funding with expected deadlines of March 2 and June 5, 2006. The guaranteed loans are expected to be funded through September 2006. Potential applicants are advised to be aware that the program faces uncertain funding for the 2007 budget and the next Farm Bill.

Prospective Ohio applicants are encouraged to contact Randy Monhemius of the Ohio Rural Development Office at (614) 255-2424 for specific information and about developing grant proposals. For additional program specifications, visit www.rurdev.usda.gov/rbs/farmbill.



The USDA grants are designed to help agricultural producers and small businesses reduce energy consumption and costs.
(Photo courtesy of USDA)

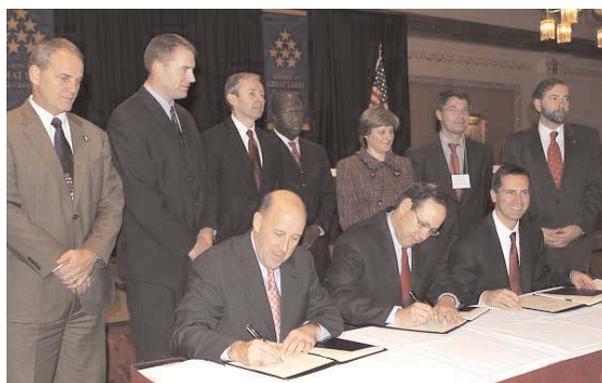
Council of Great Lakes Governors Signs Agreements to Protect Great Lakes Water

Great Lakes governors and premiers recently signed historic agreements providing unprecedented protections for the waters of the Great Lakes-St. Lawrence River Basin. The Dec. 13, 2005 signing in Milwaukee culminated nearly four years of discussions about how the eight states and two provinces could create laws governing water use that would be meaningful and protect the resource.

The agreements, which include a ban on new diversions of water outside the Basin with limited exceptions, were signed by the Governors of Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin, and the Premiers of Ontario and Québec.

The full text of the agreements can be found by visiting www.cglg.org. The agreements include the following key points:

- ◆ A ban on new diversions of water. Limited exceptions could be allowed, such as for public water supply purposes in communities near the Basin, but exceptions would be strictly regulated.
- ◆ The states and provinces will use a consistent standard to review proposed uses of Great Lakes water.
- ◆ The collection of technical data will be strengthened, and the states and provinces will share information, which will improve decision-making by governments.



Gov. Bob Taft (front, center) and other members of the Council of Great Lakes Governors sign the agreements providing protections to the Great Lakes-St. Lawrence River Basin.

- ◆ Regional goals and objectives for water conservation and efficiency will be developed, and they will be reviewed every five years. Each state and province will develop and implement a water conservation and efficiency program.
- ◆ Lasting economic development will be balanced with sustainable water use to ensure Great Lakes waters are managed responsibly.
- ◆ The waters of the Basin are recognized as a shared public treasure, and there is a strong commitment to continued public involvement in the implementation of the agreements.

Additionally, the governors urged their state legislators to quickly ratify the concurrent Great Lakes-St. Lawrence River Basin Water Resources Compact.

A letter from the Council and the Great Lakes and St. Lawrence Cities Initiative, chaired by Chicago Mayor Daley, was sent to President George W. Bush outlining a list of near-term action items for promoting and restoring the Great Lakes and requesting increased federal funding for the 2007 budget. The list was developed by the region's governors and mayors in consultation with members of the Great Lakes Congressional Task Force and representatives of Great Lakes Tribes.

At the Dec. 13, 2005 meeting, Ohio Gov. Bob Taft stepped down as chair of the Council of Great Lakes Governors, and Wisconsin Gov. Jim Doyle was elected to serve as chair. Gov. Taft served as chair of the Council since June 2001 and co-chair with Gov. Doyle since July 2004.

Participants were presented with information about the economic challenges facing the

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Great Lakes region and the need to stimulate sustainable development. This address was given by Bill Testa, Vice President and Director of Regional Programs at the Federal Reserve Bank of Chicago; and Bob Stempel, Chairman and Chief Executive Officer, Energy Conversion Devices, Inc., Chairman, Council of Great Lakes Industries, and (Retired) Chairman and Chief Executive Officer, General Motors Corporation.

The Council of Great Lakes Governors has administered the Great Lakes Biomass Partnership under contract with the U.S. Department of Energy (U.S. DOE) since 1983. This is one of five regional programs established by DOE and designed to encourage greater production and use of biomass resources for energy generation. Biomass resources include wood, crop residues, municipal waste, and other organic materials that can be converted for use in power production and transportation fuels, including ethanol and biodiesel. The work of the regional Biomass Partnership goes hand in hand with protection of the Great Lakes by promoting regional production of renewable biomass energy sources that reduce impacts on the region's water, air, and land resources.

Joint U.S. DOE and USDA Report Shows Great Potential for Biomass Resources

A joint report of the U.S. Department of Energy's (U.S. DOE) Office of Energy Efficiency and Renewable Energy and the U.S. Department of Agriculture (USDA) found that the combined forest and agriculture land resources of the United States have the potential to produce a sustainable supply of biomass that can displace 30 percent of the country's current petroleum consumption. The biomass resources potential is noted in the study of being more than 1.3 billion dry tons per year with relatively modest changes in land use and agricultural and forestry practices. The report can be found by visiting www.eere.energy.gov/biomass.

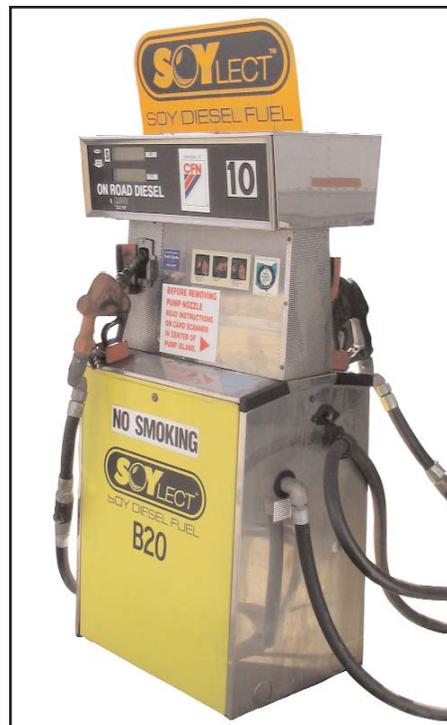
Additional resources can be found at the Bioenergy Feedstock Information Network, which contains information resources from the U.S. DOE, Oak Ridge National Laboratory, Idaho National Laboratory, National Renewable Energy Laboratory, and other research organizations. To learn more about these resources, visit www.bioenergy.ornl.gov.

Web site Lists Ohio's Growing E-85 and Biodiesel Refueling Stations

The Clean Fuels Ohio (CFO) Web site now includes a list of the growing number of refueling stations for E-85 and biodiesel blends in Ohio. Currently, there are six E-85 retail stations and more than 20 sites selling biodiesel blends. The list also includes the locations of these stations selling renewable fuels and can be found at www.cleanfuelsohio.org.

CFO also manages the Ohio Biofuels Retail Incentive Program, a grant program which was created by the Ohio General Assembly in 2005 to help bring

ethanol and biodiesel to retail fuel locations in Ohio. Through this program, funding is available to help fueling stations wishing to install E-85 or biodiesel stations pay for equipment, marketing, and consumer education. For additional information about the program or to find an application, visit www.cleanfuelsohio.org/grant1.asp.



A retail fuel pump at the Fuel Depot in Delaware, Ohio sells B20 biodiesel fuel. (photo courtesy of Clean Fuels Ohio)

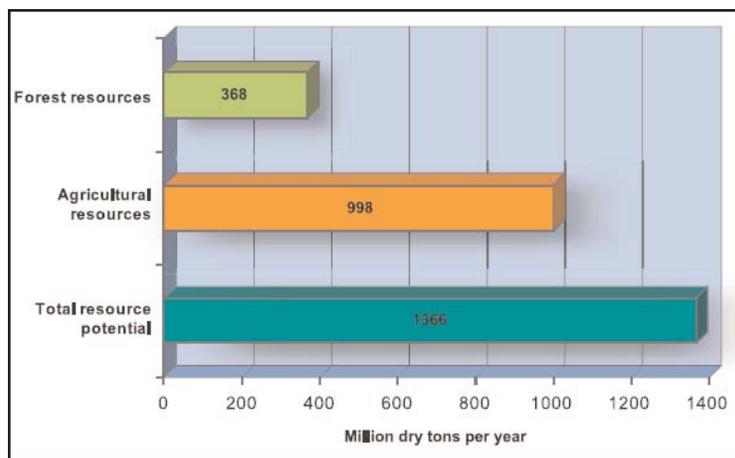


Figure 1: Annual biomass resource potential from forest and agricultural resources

A chart from the U.S. DOE and USDA Report shows the potential in million dry tons per year of forest and agricultural resources. (Graph courtesy of U.S. DOE/USDA)

ODOD Announces Clean Energy Grant Opportunities

The Ohio Department of Development (ODOD) recently announced it will award \$350,000 in grants to fund projects that will implement clean-burning modular generation technologies.

Beginning Jan. 31, 2006, interested industry, business, and institution entities can apply for grants through the ODOD Office of Energy Efficiency, Energy Loan Fund. The grants will be awarded on a first-come, first-served basis. Because the Energy Loan Fund is supported through a monthly fee paid by customers of American Electric Power, Cincinnati Gas & Electric, Dayton Power & Light, and FirstEnergy, projects must be in these electric utility service areas to be eligible.

The Ohio Biomass Energy Program is pleased that the ODOD Office of Energy Efficiency recognizes the benefits of distributed energy technologies by issuing the Industrial, Commercial, and Institutional Distributed Energy Initiatives Notice of Funding Available (DER NOFA 06-02). Possible projects for these grants may include but are not limited to industrial heat recovery, combined heat and power, and landfill or biomass methane for electric generation.

Organizations can find the application form, instructions, and minimum requirements at the ODOD Web site at www.odod.state.oh.us/cdd/oe/elfgrant.htm.



New Ethanol Plants to Bring Ethanol Production to Ohio

Ohio is about to join other states as a producer of corn-based ethanol fuel.

Plans to construct an ethanol plant in Bloomingburg, Fayette County, were announced on Jan. 20 by AS Alliances Biofuels, LLC. The plant is expected to produce 100 million gallons of ethanol and 300,000 tons of dry distillers grain annually. The distillers grains will be sold for livestock feed. The project is expected to be completed in mid- to late-2007, and will create nearly 60 jobs.

On Jan. 30, Gov. Bob Taft celebrated the groundbreaking of Harrison Ethanol's 20 million gallon ethanol biorefinery facility in Cadiz, Harrison County. The project includes an innovative plan to raise beef and dairy cattle on-site which will be fed the distillers grains from the plant, as well as to process the livestock manure in anaerobic digesters and produce biogas. The state of Ohio, through the Ohio Department of Development, offered Harrison Ethanol a competitive incentive package including an Ohio Job Creation Tax Credit, an Ohio Investment in Training grant, and other financing. The plant is projected to create more than 100 plant jobs as well as bring construction jobs to the region.

The plants will provide many benefits for Ohio farmers and economic development in these regions. According to the Renewable Fuels Association (RFA), as of November 2005 there were 95 ethanol plants in 19 states, with a total production capacity of more than 4.3 billion gallons a year in the U.S. There are 31 ethanol plants and nine expansions under construction, with a total capacity of more than 1.5 billion gallons. For more information about ethanol production in the U.S., visit the RFA Web site at www.ethanolRFA.org.

Ohio is a significant user of ethanol fuel. Construction of the new ethanol plants in Bloomingburg and Cadiz will add Ohio to the 19 other states currently producing ethanol to meet increasing demand for the fuel.

Save the Date: Upcoming Biomass Conferences and Events

11th Annual RFA national Ethanol Conference

February 20-22, 2006

Las Vegas, Nev.

Sponsored by the Renewable Fuels Association

www.ethanolrfa.org

Power-Gen Renewable Energy: Phase II in the Mainstream

April 10-12, 2006

Las Vegas, Nev.

Sponsored by PennWell and ACORE

www.power-gengreen.com

National Bioenergy Conference II: Innovations in Restoring Forests and Strengthening Economies

March 14-16, 2006

Denver, Colo.

www.nationalbiomassconference.org

28th Symposium on Biotechnology for Fuels and Chemicals

April 30 – May 3, 2006

Nashville, Tenn.

Sponsored by the Society for Industrial Microbiology

www.simhq.org

Bio2006 Annual International Convention

April 8-12, 2006

Chicago, Ill.

www.bio.org

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