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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1684 Session of  
2011

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INTRODUCED BY RAPP, CAUSER, PICKETT, PYLE, BOBACK, CALTAGIRONE,  
DALEY, DAY, EVERETT, FARRY, GEIST, GIBBONS, GINGRICH, GROVE,  
KAUFFMAN, M. K. KELLER, KNOWLES, MAJOR, MURT, ROCK, ROSS,  
SWANGER AND THOMAS, JUNE 17, 2011

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REFERRED TO COMMITTEE ON COMMERCE, JUNE 17, 2011

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AN ACT

1 Establishing the Biomass Energy Program; providing for the  
2 powers and duties of the Department of Community and Economic  
3 Development; establishing the Biomass Energy Loan Fund; and  
4 providing for interfund transfers.

5 The General Assembly of the Commonwealth of Pennsylvania  
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Biomass  
9 Energy Program Act.

10 Section 2. Legislative findings.

11 The General Assembly finds and declares as follows:

12 (1) Biomass heating is a proven technology and  
13 Pennsylvania is home to a prosperous and vibrant biomass  
14 industry. Increased use of biomass as a fuel source can  
15 contribute to Pennsylvania's energy security through a more  
16 diversified mix of energy sources.

17 (2) Utilizing one ton of wood for heat displaces  
18 approximately 79 gallons of fuel oil that would have

1 otherwise been used.

2 (3) Biomass has been recognized as a cost-efficient fuel  
3 and can significantly reduce expenditures associated with  
4 energy needs.

5 (4) The economic value of biomass use is significant.  
6 Studies have indicated that 90% of the funds used to produce  
7 and utilize biomass energy remain in local economies, whereas  
8 only about 10% of the funds used to produce and utilize  
9 fossil fuels remain locally.

10 (5) Biomass as a fuel source is a beneficial use for  
11 underutilized low-grade timber, resulting in healthier and  
12 more productive forests, and creates additional forestry and  
13 agricultural jobs for Pennsylvania residents.

14 Section 3. Definitions.

15 The following words and phrases when used in this act shall  
16 have the meanings given to them in this section unless the  
17 context clearly indicates otherwise:

18 "Biomass energy." The generation of heat or electricity by  
19 using or converting:

20 (1) the cellulosic products and by-products of forestry  
21 operations, wood manufacturing processes and pulp and paper  
22 manufacturing processes;

23 (2) organic material from a plant that is grown for the  
24 purpose of being used for fuel or is protected by the Federal  
25 Conservation Reserve Program, provided that if the plant is  
26 grown on Conservation Reserve Program lands, the production  
27 of the plant does not prevent achievement of the water  
28 quality protection, soil erosion prevention or wildlife  
29 enhancement purposes for which the land was primarily set  
30 aside; or

1           (3) any solid nonhazardous, cellulosic waste material  
2 that is segregated from other waste materials, including, but  
3 not limited to, waste pallets, crates and landscape or right-  
4 of-way tree trimmings or agricultural sources, including, but  
5 not limited to, orchard tree crops, vineyards, grain,  
6 legumes, sugar and other crop by-products or residues.

7       "Biomass system." A space heating, water heating,  
8 cogeneration or distributed generation system that uses biomass  
9 energy as its primary fuel source.

10       "Cogeneration system." A system that uses a heat engine or  
11 power station to simultaneously generate space or water heat as  
12 well as electricity.

13       "Department." The Department of Community and Economic  
14 Development of the Commonwealth.

15       "Eligible costs." The specific expense of a biomass system  
16 to be installed, including, but not limited to, the costs of  
17 necessary equipment, a chimney, air quality technology,  
18 additional square footage necessary to house the heating unit  
19 and fuel, equipment for fuel storage and delivery and equipment  
20 to deliver heat to adjoining buildings. The term does not  
21 include the costs of staff, fuel delivery and other ancillary  
22 costs as determined by the department.

23       "Entity." A school, institutional, community, public or  
24 agricultural facility in this Commonwealth.

25       "Fund." The Biomass Energy Loan Fund established by this  
26 act.

27       "Program." The Biomass Energy Program established by this  
28 act.

29       "Secretary." The Secretary of Community and Economic  
30 Development of the Commonwealth.

1 "School." A public or nonpublic prekindergarten,  
2 kindergarten, elementary school or secondary school in this  
3 Commonwealth at which the compulsory attendance requirements of  
4 the Commonwealth may be met and which meets the applicable  
5 requirements of Title VI of the Civil Rights Act of 1964 (Public  
6 Law 88-352, 78 Stat. 241). The term includes a postsecondary  
7 institution of higher education in this Commonwealth.

8 Section 4. Biomass Energy Program.

9 The Biomass Energy Program is established in the department.  
10 The purpose of the program is to aid entities in converting  
11 traditional heating systems to use biomass energy as a primary  
12 fuel source.

13 Section 5. Biomass Energy loans.

14 The department shall issue loans to entities for up to 50% of  
15 the incremental costs associated with the installation of a  
16 space heating, water heating, cogeneration or distributed  
17 generation system that uses biomass energy as the primary fuel  
18 source, not to exceed \$300,000 of the approved eligible costs.  
19 Entities applying for loans under this act and receiving loan  
20 funding under this act must conform to any and all regulations  
21 pertaining to facility improvements and construction.

22 Section 6. Standards.

23 The department shall establish minimum standards relating to  
24 design, efficiency, performance and emissions for biomass energy  
25 heating and cogeneration systems receiving funding under this  
26 act.

27 Section 7. Application.

28 On or before May 1 of each year following the effective date  
29 of this section, entities interested in applying for a loan  
30 under section 5 must submit an application to the department.

1 The application shall be on a form provided by the department  
2 and shall include all of the following:

3 (1) The name of the entity and building in which a  
4 biomass system is to be used.

5 (2) Demonstrated cost effectiveness, including a  
6 detailed cost analysis of the proposed biomass system  
7 outlining fuel costs and savings over time, as well as other  
8 operating costs, and balancing the net savings against the  
9 cost of installing the biomass system in relation to current  
10 fuel and energy costs.

11 (3) A description of the biomass system to be installed.

12 (4) A description of the project's costs including the  
13 amount the applicant intends to spend on the project and the  
14 amount of assistance sought as a match under this act.

15 (5) Such other information as the department may  
16 require.

17 Section 8. Department review.

18 The department shall review all applications received and  
19 shall determine the applicants eligible for funding under this  
20 act. If the department is satisfied that an applicant has met  
21 all requirements, it shall approve the application and award the  
22 loan. The department shall forward copies of all applications  
23 received to a Statewide energy-use collaboration identified by  
24 the department as the primary organization aimed at promoting  
25 the use of local wood and biomass resources to provide reliable  
26 energy for schools and businesses in this Commonwealth. The  
27 group shall review the applications and provide its  
28 recommendations for use by the department in awarding the loans.

29 Section 9. Biomass Energy Loan Fund.

30 (a) Establishment.--The Biomass Energy Loan Fund is

1 established as a revolving loan fund in the State Treasury. The  
2 moneys of the fund are appropriated on a continuing basis to the  
3 department for the purposes of this act.

4 (b) Funding.--All payments received by the department  
5 pursuant to this act shall be deposited in the fund. Any unused  
6 moneys in the fund shall remain in the fund and any interest  
7 earned by the fund shall remain in the fund.

8 Section 10. Report and recommendations.

9 The department shall make a report of this program listing:

10 (1) The entities funded under this act.

11 (2) A brief description of the nature of the projects  
12 and the amount of funding each entity received.

13 (3) Recommendations for improving the program.

14 Within one year of awarding the first loans under this act, and  
15 each subsequent year thereafter, the department shall submit the  
16 report to the President pro tempore of the Senate, the Minority  
17 Leader of the Senate, the Speaker of the House of  
18 Representatives and the Minority Leader of the House of  
19 Representatives. The department shall also make the report  
20 available on its publicly accessible Internet website.

21 Section 11. Interfund transfers.

22 The Secretary of the Budget shall transfer the following sums  
23 from the General Fund to the Biomass Energy Loan Fund to issue  
24 loans made under section 5:

25 (1) On July 1, 2011, the sum of \$2,000,000.

26 (2) On July 1, 2012, the sum of \$2,000,000.

27 (3) On July 1, 2013, the sum of \$1,000,000.

28 Section 12. Effective date.

29 This act shall take effect immediately.