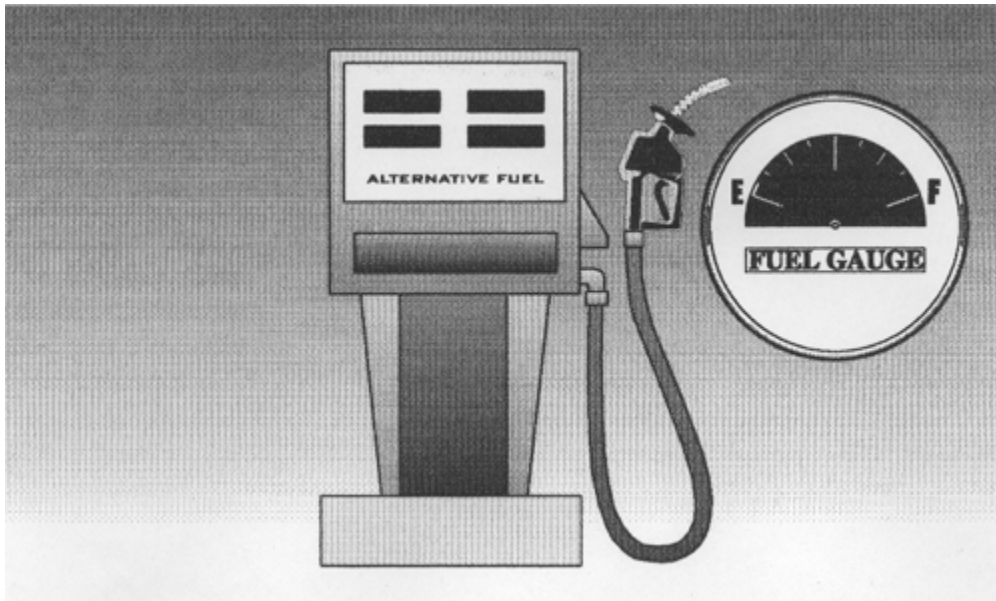


ALTERNATIVE FUELS INCENTIVE GRANT PROGRAM

Annual Report to the Pennsylvania Legislature



Program Year 2009



pennsylvania

DEPARTMENT OF ENVIRONMENTAL PROTECTION

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EXECUTIVE SUMMARY

The Department of Environmental Protection's (DEP) Alternative Fuels Incentive Grant (AFIG) Program Annual Report as required by Section 4 of the Alternative Fuels Incentive Act of 2004, P.L. 1376, No.178 is presented herein. In accordance with the act, the annual report has been forwarded to the legislature and contains a summary of the projects awarded grants and their expenditures. This report covers the 2009 funding year.

This report details continuing progress in growing a market for alternative fuels including the use of biodiesel and ethanol as well as the installation of storage and refueling stations to deliver alternative fuels to Pennsylvanians.

DEP awarded \$8.1 million in grants under the AFIG program in funding year 2009 leveraging \$24.7 million in outside private-public funds for projects. Funding was awarded for research and development of alternative fuels and feedstocks, as well as purchase of alternative fuel vehicles, including electric vehicles and vehicles with fuel cell engines, and advanced vehicle components including innovative battery storage technologies. In addition, electrification at airports and idle reduction systems for fleets were also funded.

Under the Hybrid Electric Vehicle (HEV) Rebate program, DEP approved \$500 rebates for 1,208 commonwealth residents totaling \$604,000 between July 1, 2009 and June 30, 2010. The HEV program closed on March 6, 2010.

The Biomass-based Diesel Production Incentive Program was initiated in 2008 to assist major Pennsylvania biodiesel producers by providing an incentive of 75 cents per gallon for every gallon of B100 produced and sold in Pennsylvania. The total amount of incentive applied for in 2009 was \$5.3 million for the production and sales of 7.8 million gallons of B100 biodiesel.

The Nitrogen Tire Inflation System Grant Program was also initiated in 2008 to provide up to a 50 percent direct reimbursement for automotive service providers who sell tires in the commonwealth and purchase Nitrogen Tire Inflation Systems. Nitrogen Tire Inflation Systems help improve vehicle fuel economy and potentially extend the life of the tires while reducing the consumption of imported oil. Twenty-eight incentive requests were received and approved, for a total of \$99,940.45 for the 2009 fiscal year.

DEP awarded grants to schools, municipalities and transit authorities to cover the added cost to purchase biodiesel blends. These projects will result in the consumption of nearly 4.8 million gallons of a biodiesel blend over the next two years.

DEP also awarded grants to educational institutes, non-profit corporations and for-profit corporations to expand the production and use of homegrown biofuels, the construction of refueling infrastructure, the electrification of airport ground support equipment, alternative fuel control systems and battery technology along with advanced alternative vehicle technologies.

PROGRAM OVERVIEW

In December 1992, the Pennsylvania Legislature passed Act 166, which created the Alternative Fuels Incentive Grant (AFIG) Fund. In November 2004, the legislature passed Act 178 to expand the AFIG program allowing DEP to offer incentives to stimulate the production and use of biofuels such as biodiesel and ethanol. On July 4, 2008 Act 78, the Biomass-based Diesel Production Incentive Act, was passed amending Act 178 of 2004 providing a subsidy for the production of biodiesel and the establishment of the Nitrogen Tire Inflation System Rebate Program as further described below.

The following programs were available under the Alternative Fuels Incentive Fund during the period of this report:

Biomass-based Diesel Production Incentive:

Pennsylvania companies with an in-state monthly minimum production level of 25,000 gallons of B100 that meets ASTM D6751 specifications were eligible for 75 cents per gallon for every gallon sold in the commonwealth, up to a maximum of \$1.9 million per year per producer. This program will close on June 30, 2011, at the conclusion of FY 2010-2011.

Alternative Fuels Incentive Grant (AFIG):

Pennsylvania producers of biodiesel that do not qualify for the 75 cents per gallon biodiesel incentive and ethanol producers were eligible to receive reimbursement of 10 cents per gallon produced for up to 12.5 million gallons in a calendar year.

School districts, municipal authorities, political subdivisions, incorporated nonprofit entities, corporations and limited liability companies or partnerships were eligible for funding to retrofit existing vehicles or purchase new alternative fuel fleet vehicles, as well as for the installation of related refueling equipment for these fleet vehicles.

School districts, transit authorities, local government agencies and nonprofit organizations were eligible for a grant to buy down the incremental cost to use biodiesel fuel blends, as well as the cost to purchase the dispensing and storage equipment or for tank cleaning.

School districts, municipal authorities, political subdivisions, incorporated nonprofit entities, corporations and limited liability companies or partnerships were also eligible for funding for projects that incorporate a "new application" or "next phase" advanced innovative technologies in the production of alternative fuels and alternative fuel vehicles.

Hybrid Electric Vehicle (HEV) Rebate Program:

Commonwealth residents that purchased or leased a new Hybrid Electric Vehicle (HEV) were eligible to apply for a \$500 rebate. The rebate program replaced the grants offered to commonwealth residents under the version of the AFIG program administered prior to the passage of Act 178. This program closed on April 10, 2010.

Nitrogen Tire Inflation System Rebate Program:

Automotive service providers who sell tires in the commonwealth were eligible to apply for and receive a 50 percent direct reimbursement up to a maximum of \$5,000 for the purchase of a nitrogen tire inflation system. This program will close on June 30, 2011, at the conclusion of FY 2010-2011.

Goals and Objectives

The AFIG program has helped to reduce the commonwealth's dependence on imported oil as well as improve the commonwealth's air quality by reducing vehicle emissions of carbon monoxide, particulate matter, the pollutants that contribute to the formation of ground-level ozone, and carbon dioxide, a principal green house gas.

The AFIG program has fostered economic development in the commonwealth by encouraging the transfer and commercialization of innovative energy technologies and the use of the commonwealth's indigenous fuels. The fuels promoted by the program include ethanol, biodiesel, compressed and liquefied natural gas (CNG and LNG), hydrogen, hythane (a combination of compressed natural gas and hydrogen), liquefied petroleum or propane gas, electricity, and fuels derived from coal and biomass.

The AFIG program supports the Department of Environmental Protection's objectives of reducing emissions from mobile sources to improve air quality and stimulating the use of domestically produced fuels. DEP has encouraged the development of partnerships among Pennsylvania businesses, the alternative fuel providers and key local, state, and federal government agencies to accomplish the objectives of the AFIG program. The AFIG program also offers compliance incentives to fleet operators impacted by the Energy Policy Act (EPACT) of 1992 and 2005.

Act 178 - 2004 specifies the following criteria for the selection of projects to receive grant awards:

1. The improvement of this commonwealth's air quality.
2. The fulfillment of the commonwealth's responsibilities under the Clean Air Act (69 Stat. 322,42 U.S.C. § 7401 et seq.).
3. The protection of this commonwealth's natural environment, including land, water and wildlife.
4. The advancement of economic development in this commonwealth and the protection of this commonwealth's indigenous resources.
5. The reduction of this commonwealth's dependence on imported crude oil and other petroleum products.
6. The most cost-effective use of private and public funding.
7. The transfer and commercialization of innovative alternative energy technologies.

Additional criteria may be added as needed to respond to changing alternative fuel and vehicle technologies, federal and commonwealth legislative requirements and energy policy directives.

Funding

The AFIG program is funded with an annual allocation from the General Fund that has ranged over the years between \$5.8 and \$6.1 million dollars. The actual amount is 0.25 mills of the utilities' Annual Gross Receipts Tax revenues collected each year. Of that amount, up to 1.5 percent of the funds may be used to promote and administer the program and up to 0.5 percent may be used for education and public outreach. The unspent portion of the fund does not lapse and can be used for projects in the following year.

In accordance with Act 178 - 2004 the incentive grants will pay a percentage of each applicant's eligible project costs. The remaining amount will be paid by the grantee from other sources.

The funding year for the AFIG program is the 12-month period from July 1 of each year through June 30 of the following year. Each year, DEP issues a funding solicitation to apply for a grant. These solicitations and the selection criteria are officially announced via publication in the *Pennsylvania Bulletin*. Announcements are also made via press releases and the department's web site. Typically these

solicitations are open for approximately a six week period, beyond which no applications or supporting documentation are accepted. Project costs cannot be incurred prior to July 1 of the year the application is submitted and may be expended over the total grant period of performance.

The AFIG program is competitive, and all applications are evaluated at the close of an application opportunity. The review, selection, and grantee announcements take approximately eight to 10 weeks. The awarding of incentive grants is subject to the following limitations:

(1) A single grantee can receive no more than 10 percent of the funds available in any one funding year;

(2) The total dollar amount of awards to grantees operating within and including any county cannot exceed 15 percent of the funds available in any one funding year;

(3) If the total grant money to be awarded in a funding year is less than the total grant money available for that year, then the department may increase the established 10 percent and the 15 percent funding levels in (1) and (2) above, not to exceed 40 percent of the fund;

(4) DEP reserves the right to not award any additional funds to applicants that have not completed projects funded with previous AFIG monies. This will be determined by DEP on a case-by-case basis;

(5) Applicants who have received grants and completed AFIG funded projects, but have failed to submit the proper reporting forms, may not be considered for funding. This determination will be made by DEP on a case-by-case basis; and,

(6) Project costs cannot be incurred prior to July 1 of the year the application is submitted and may be expended over the total grant period of performance.

2009 PROGRAM YEAR OVERVIEW

STATEMENT OF REVENUES AND EXPENDITURES

FUND BALANCE JULY 1, 2009	\$32,730,326
REVENUES	
Augmentation from General Fund	\$5,703,883
TOTAL REVENUES	\$38,434,209
EXPENDITURES	
Personnel	\$40,122
Operational	\$3,077
Grants	\$11,447,042
TOTAL EXPENDITURES	\$11,490,241
FUND BALANCE JUNE 30, 2010	\$26,943,968

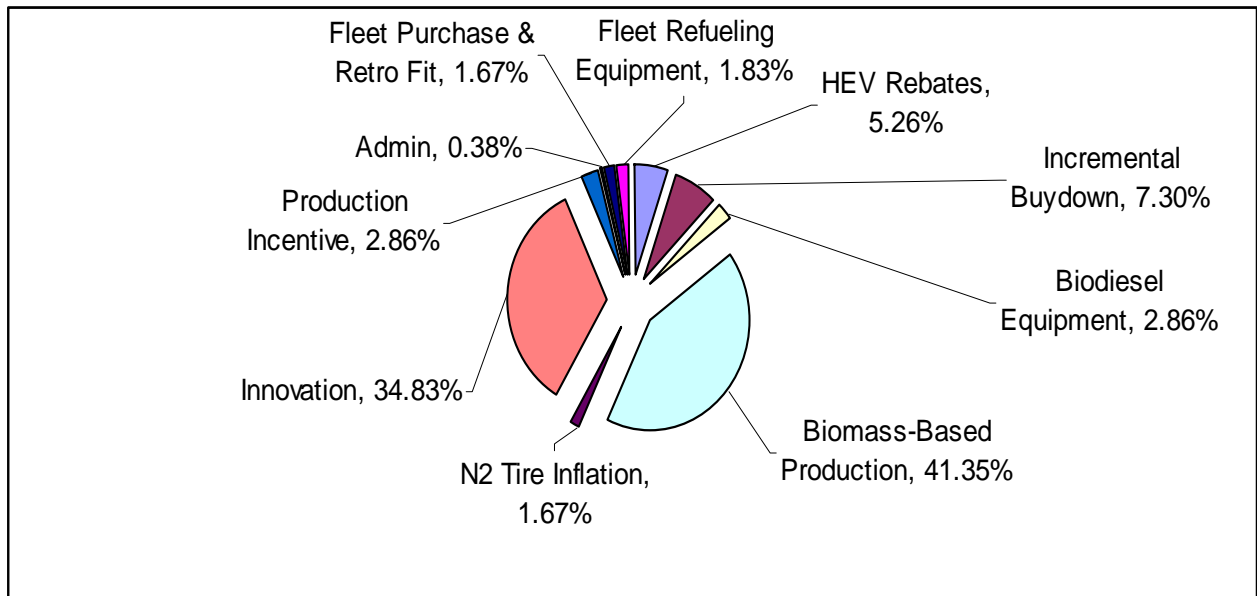
The June 30, 2010 fund balance includes commitments and revenues from previous years. This balance includes approximately \$14 million in grant contract commitments made with Pennsylvania recipients in program years from 2007 - 2009. The fund also includes a final \$5.4 million commitment for the upcoming 2010 Program Year supporting the Biomass-based Diesel Production Incentive and the Nitrogen Tire Inflation System Programs. The Biomass-based Diesel Production Incentive and Nitrogen Tire Inflation System Programs were initiated in 2008 for a period of three years ending in Program Year 2010. This then leaves an uncommitted fund balance of approximately \$7.5 million to be utilized in Program year 2010 for Alternative Fuels Incentive grants, Alternative Fuel Vehicles and Electric Vehicle Infrastructure grants.

TABLE 1. DISTRIBUTION OF FUNDING*

Project Type	Expenditures
Biomass-Based Diesel Production	\$4,751,077
Innovation	\$4,002,167
Biodiesel Incremental Buydown	\$838,329
Alternative Fuel/Hybrid Electric Vehicle Rebates	\$604,000
Production Incentive	\$329,049
Biodiesel Equipment	\$328,233
Fleet Refueling Equipment	\$210,611
Fleet Purchase & Retrofit	\$191,790
Nitrogen Tire Inflation Systems	\$191,786
Administrative	\$43,199
Total	\$11,490,241

*Note that expenditures will not match annual award values or commitments listed elsewhere in this report as most grants span a period of two years. As such, commitments made in one year will typically be reflected as expenditures in two fiscal years. Also, delays associated with receiving and/or processing eligible reimbursement requests may also result in differences between annual expenditures and award commitments.

CHART 1. RELATIVE PERCENT OF EACH EXPENDITURE CATEGORY



2009 PROGRAM YEAR SUMMARY AND AWARDED AFIG GRANTS

Under the 2009 Program Year, there were 20 recipients receiving \$8 million in Alternative Fuels Incentive Grants. The grant awards leveraged \$24.7 million from other funding sources. The AFIG incremental buydown program will also result in production and distribution of 5.8 million gallons of biodiesel fuel (B5 to B20) within the commonwealth in FY 2009. For the 2009 Program Year, AFIG provided a total of six grants to a school district, an intermediate unit, a university, two bio-diesel coalitions, and a city transit authority to offset the added cost to purchase biodiesel for use in their fleets and to install necessary storage and refueling equipment. It is projected that these projects will result in the consumption of close to 4.7 million gallons of B20 - a blend of 20 percent biodiesel with 80 percent diesel fuel. Other AFIG grants covered a percentage of the cost of purchasing alternative fuel and gasoline electric hybrid vehicles, the purchase of nitrogen tire inflation systems for Pennsylvania automotive service providers to help improve vehicle fuel economy, the constructing of the refueling infrastructure for ethanol and biodiesel, the electrification of ground support equipment, and passenger gates along with idle reduction units at airports, and advancing innovative alternative fuel and vehicle technologies, including control systems and batteries through research and development.

DEP awarded \$8,094,121 in grants through the Alternative Fuels Incentive Grant program that leveraged another \$24.7 million in private investment to expand the production and use of homegrown biofuels, as well as advanced alternative vehicle technologies. The investments will support research into new potential fuel sources that will help the state meet its energy demands using domestic alternatives.

The following is a list of grantees by county:

ADAMS COUNTY

Soy Energy, Inc. - \$19,492 for the purchase of a transesterification reactor along with a production incentive for 23,400 gallons of biodiesel over the next two years.

ALLEGHENY COUNTY

Pittsburg Regional Clean Cities - \$600,000 for the installation of three additional bio-fuel stations in the Pittsburgh area, retrofitting 57 vehicles with FFF-G2 technology and certifying 25 technicians in installation and maintenance of the FFF system.

Equitable Gas Company, LLC - \$700,000 for the installation of a public access Compressed Natural Gas (CNG) refueling station in the city of Pittsburgh.

Giant Eagle, Inc. - \$900,000 for the installation of a public access CNG refueling station in the Pittsburgh area along with the purchase of 10 CNG vehicles.

Air Star Transportation & Limousine Service, Inc. - \$142,600 to convert 31 of its gasoline powered vehicles to propane AutoGas powered vehicles.

BERKS COUNTY

Berks County Intermediate Unit #14 - \$183,000 for the incremental cost of purchasing 240,000 gallons of biodiesel annually. The grant will support the unit's 180 bus fleet for two years.

BRADFORD COUNTY

Northern Tier Solid Waste Authority - \$900,000 for the replacement of four older model diesel powered refuse trucks with four clean burning CNG refuse trucks.

CENTRE COUNTY

Pennsylvania State University - \$151,509 to be used for relocation of two donated biodiesel storage tanks, the purchase and installation of a partitioning tank and blending apparatus and the purchase of a multi-compartment fuel delivery truck.

CHESTER COUNTY

Energy Cooperative Association of Pennsylvania - \$172,410 for the incremental cost of purchasing 1.05 million gallons of biodiesel fuel, on an annual basis, for a 500 bus fleet including five municipal entities/school districts in Chester County. The grant will support the coalition's bus fleet for two years.

West Chester University of PA - \$2,160 for the incremental cost of purchasing six thousand gallons of biodiesel fuel, over a 12 month period from July 2010 through June 2011.

DELAWARE COUNTY

WallyPark Pennsylvania - \$1,000,000 for the replacement of nine shuttle buses with clean burning CNG shuttle buses along with the purchase of an additional 11 CNG shuttle buses bringing the CNG shuttle bus fleet at the Philadelphia International Airport (PIA) to 20 buses. WallyPark will also provide a public access CNG fuel station at the PIA.

ERIE COUNTY

Millcreek Township School District - \$133,583 for the incremental cost of purchasing 312,184 gallons of B20 over an 18 month period for its 95-vehicle school bus fleet.

Matson and Associates, Inc. - \$167,600 to build off the successful results attained under the last AFIG funding to demonstrate the Matson™ Solid Catalyst Process for biodiesel production at the commercial scale. The process eliminates seven processes compared to the conventional process making it economical competitive.

LEHIGH COUNTY

Lehigh-Northampton Airport Authority - \$700,000 for the replacement of eight pieces of gasoline-powered ground service equipment (GSE) with electrical versions, the installation of three recharging units to support the above GSE and the electrification of eight passenger gates with pre-conditioning air. In addition six gasoline powered airport fleet vehicles will be replaced with hybrid-electric vehicles.

MONTGOMERY COUNTY

Lower Merion School District - \$315,000 for the purchase of nine CNG school buses. The grant will cover the incremental cost between the CNG fueled buses and the conventional fueled buses.

NORTHAMPTON COUNTY

Lower Saucon Township - \$42,700 for the conversion of its police vehicles from gasoline to E85 biofuel and the cleaning of an existing fuel tank to accommodate the new E85 fuel.

PHILADELPHIA COUNTY

Energy Cooperative Association of Pennsylvania - \$277,142 for the incremental cost of purchasing 1.5 million gallons of B20 on an annual basis for nine school districts with a combined fleet of 650 buses. The nine districts are: Great Valley, Owen J. Roberts, Tredyffrin-Easttown, Haverford Township, Radnor Township, Colonial, Springfield, Lower Moreland and Upper Merion Area.

Philadelphia City Treasurer, Office of Fleet Management - \$593,057 for the incremental cost of purchasing 1.7 million gallons of B20 over the two year grant period.

City of Philadelphia - \$517,902 for the installation of 24 pieces of electric gate ground power (GGP) and the electrification of 24 passenger gates with pre-conditioned air units at the PIA.

City of Philadelphia - \$575,966 for the replacement of 69 pieces of diesel-powered ground service equipment (GSE) with electrical versions and the installation of ten recharging units to support the above eGSE.

HYBRID-ELECTRIC VEHICLE PURCHASES

As illustrated in Table 2, there were 1,208 rebate requests received from private Pennsylvania residents in FY 2009 for a total of \$604,000 to purchase hybrid-electric vehicles. The program closed on April 10, 2010. Since its inception in FY 2006 a total of 9,000 rebates for a total of \$4,500,000 were distributed to the citizens of the commonwealth. The (HEV) rebates were distributed in the following counties in FY 2009:

TABLE 2. HEV REBATES BY COUNTY

County	Rebate Count	Total Rebate
Adams	8	\$4,000
Allegheny	81	\$40,500
Armstrong	1	\$500
Beaver	10	\$5,000
Bedford	3	\$1,500
Berks	42	\$21,000
Blair	8	\$4,000
Bradford	7	\$35,000
Bucks	80	\$40,000
Butler	11	\$5,500
Cambria	4	\$2,000
Carbon	7	\$3,500
Centre	18	\$9,000
Chester	124	\$62,000
Clarion	1	\$500
Clearfield	5	\$2,500
Clinton	3	\$1,500
Columbia	8	\$4,000
Crawford	5	\$2,500
Cumberland	59	\$29,500
Dauphin	45	\$22,500
Delaware	55	\$27,500
Elk	2	\$1,000
Erie	4	\$2,000
Fayette	7	\$3,500
Franklin	12	\$6,000
Greene	1	\$500
Huntingdon	5	\$2,500
Indiana	5	\$2,500
Jefferson	2	\$1,000
Juniata	2	\$1,000
Lackawanna	11	\$5,500
Lancaster	124	\$62,000
Lawrence	5	\$2,500
Lebanon	21	\$10,500
Lehigh	64	\$32,000
Luzerne	17	\$8,500
Lycoming	11	\$5,500
McKean	2	\$1,000
Mercer	9	\$4,500
Mifflin	1	\$500

County	Rebate Count	Total Rebate
Monroe	5	\$2,500
Montgomery	115	\$57,500
Northampton	17	\$8,500
Northumberland	5	\$2,500
Perry	10	\$5,000
Philadelphia	46	\$23,000
Pike	3	\$1,500
Potter	2	\$1,000
Schuylkill	11	\$5,500
Snyder	2	\$1,000
Somerset	2	\$1,000
Susquehanna	2	\$1,000
Tioga	3	\$1,500
Union	4	\$2,000
Venango	2	\$1,000
Warren	2	\$1,000
Washington	9	\$4,500
Wayne	4	\$2,000
Westmoreland	19	\$9,500
York	55	\$27,500
Total:	1,208	\$604,000

BIOMASS-BASED DIESEL PRODUCTION INCENTIVE PROGRAM

The Biomass-based Diesel Production Incentive Program was initiated in 2008 to assist major Pennsylvania biodiesel producers by providing an incentive of 75 cents per gallon for every gallon of neat biodiesel (B100) produced in-state and sold to a qualifying Pennsylvania buyer. The total maximum incentive per producer is \$1.9 million with a \$5.3 million total program maximum per fiscal year. The maximum incentive dollar amount was reached for 2009. Table 3 provides the production level and total reimbursement subsidy for each company. The total amount of incentive applied for was \$5,644,794.70 for the production and sale of 7,845,813.14 gallons of B100 biodiesel. However, the total amount paid to the producers was \$5,300,000. Production incentive payments were pro-rated for the month of June 2009 with each producer receiving a percentage of the \$166,543.85 that remained available after the May 2009 payment. Lake Erie Biofuels was the only supplier that reached the \$1.9 million maximum incentive per producer.

TABLE 3. BIOMASS-BASED DIESEL PRODUCTION GRANTS

Biomass-Based Diesel Production Incentive FY 2009				
COMPANY NAME	LOCATION	COUNTY	PRODUCTION & SALES (gal)	AMOUNT
Keystone Biofuels, Inc.	Shiremanstown	Cumberland	2,438,571.78	\$1,647,149.68
Lake Erie Biofuels, LLC	Erie	Erie	2,850,166	\$1,900,000.00
Middletown Biofuels LLC	Middletown	Dauphin	1,145,437	\$834,225.95
Mother Earth Energy, Inc.	Chester	Chester	244,137	\$155,008.75
Pennsylvania Biodiesel, Inc.	Monaca	Beaver	636,581	\$392,827.05
United Oil Company	Pittsburgh	Allegheny	444,831	\$321,679.56
United Biofuels Inc.	York	York	0	\$0
Eagle Biodiesel	Kane	McKean	57,971.46	\$28,020.62
American Biodiesel Energy, Inc.	Erie	Erie	28,117.90	\$21,088.39
TOTAL:	9 Locations	9 Counties	7,845,813.14	\$5,300,000*

* NOTE: The difference between the expenditure of \$4,751,077 (Table 1) in FY 2009 and the applied for \$5,300,000 in FY 2009 is the result of a two month lag in invoice processing for the months of May and June 2010.

NITROGEN TIRE INFLATION SYSTEM GRANT PROGRAM

The Nitrogen Tire Inflation System Grant Program was initiated in 2008 to provide up to a 50% direct reimbursement for automotive service providers who sell tires in the commonwealth and purchase nitrogen tire inflation systems. The nitrogen tire inflation systems help to improve vehicle fuel economy while reducing the consumption of imported oil, and potentially extending the life of the tires. The department allocated \$100,000 for reimbursements to providers for the 2009 fiscal year. Table 4 provides the details of grant recipients who applied for and received grants under the Nitrogen Tire Inflation System Program for fiscal year 2009. In total, 28 incentives were received and approved for a total of \$99,940.45.

TABLE 4. NITROGEN TIRE INFLATIONS SYSTEMS GRANTS

Nitrogen Tire Inflation System Grants, FY 2009			
COMPANY NAME	LOCATION	COUNTY	AMOUNT
309 Automart, Inc.	Montgomeryville	Montgomery	\$ 3,869.00
Mercedes Benz of Ft. Washington	Dresher.	Montgomery	\$ 4,238.94
Brandywine Automotive Group	West Chester	Chester	\$ 4,100.00
Pons Auto Service	Pittsburgh	Allegheny	\$ 912.50
Williams Auto Plaza III	Sayne	Bradford	\$ 4,226.00
JACC DNC dba Rent-N-Roll Pittsburgh	Pittsburgh	Allegheny	\$ 3,745.00
JACC II dba RNR Custom Wheels & Tires	Monroeville	Allegheny	\$ 3,745.00
Billco Motors, Inc.	Wexford	Allegheny	\$ 5,000.00
Mark's Service Station, Inc.	Freeland	Chester	\$ 1,750.00
Colonial Motor Mart.	Indiana	Indiana	\$ 3,150.00
Dom's Auto Repair	Pittsburg	Allegheny	\$ 4,279.99
E&G Auto Plus, Inc.	Coudersport	Potter	\$ 3,596.00
Rockhill Auto Repair, Inc.	Sellersville	Bucks	\$ 305.88
Kelly Chevrolet Cadillac, Inc.	Butler	Butler	\$ 3,557.50
Buchanan Auto Park, Inc.	Waynesboro	Franklin	\$ 4,635.00
Buchanan Automotive Inc.	Waynesboro	Franklin	\$ 4,635.00
Preston Motors, Inc.	New Castle	Lawrence	\$ 5,000.00
Preston Motors, Inc.	New Castle	Lawrence	\$ 5,000.00
Phil Fitts Ford, Inc.	New Castle	Lawrence	\$ 4,635.00
Skippack Automotive, Inc.	Schwenksville	Montgomery	\$ 1,526.40
Diehl Automotive Group, Inc.	Butler	Butler	\$ 4,948.75
Family Auto	Effort	Monroe	\$ 3,661.24
Driscoll Automotive Group, LLC	State College	Centre	\$ 3,728.00
Laurel Gardens Tire Service, Inc.	Pittsburgh	Allegheny	\$ 5,000.00
Jaks Muffler & Brake	Washington	Washington	\$ 3,250.00
Leach's Automotive Service, LLC	Lemoyne	Cumberland	\$ 1,855.00
Freysinger Pontiac	Mechanicsburg	Cumberland	\$ 4,625.00
Cresenzo Auto Service	Philadelphia	Philadelphia	\$ 965.25
TOTAL:	28 Locations	15 Counties	\$ 99,301.09

NOTE: The expenditure of \$191,786.00 for FY 2009 includes \$92,484.91 for payments of 2008 N2 Program awards.

ACTIVE ONGOING PROJECT HIGHLIGHTS

In the 2008 Program Year, AFIG provided a total of nine grants to four school districts, an intermediate unit, a university, a biodiesel coalition, a city transit authority and a Clean Cities Program to offset the added cost to purchase biodiesel for use in their fleets and to install necessary storage and refueling equipment. These projects resulted in the consumption of close to 1.7 million gallons of B20 - a blend of 20 percent biodiesel with 80 percent diesel fuel.

AFIG also provided three grants to support the electrification of the Philadelphia International Airport (PHL) and the Erie Regional Airport. Under two grants through US Airways and the city of Philadelphia, PHL diesel and jet fuel powered airport ground support equipment (GSE) was replaced with electric powered GSE. US Airways purchased 23 electric bag tractors and 11 electric belt loaders to

replace existing diesel and jet fuel powered GSE. These projects will save more than 102,400 gallons of liquid fuel annually and avoid emissions of 40,000 pounds of nitrogen oxide and 1,000 tons of carbon dioxide annually. Under an AFIG grant to the Erie Regional Airport Authority, three passenger gate loading bridges were fitted with electric preconditioned air units. This retrofit resulted in the savings of 15,000 gallons of jet fuel annually, nitrogen oxide emissions reductions of 1,000 pounds, and other greenhouse gas emission reductions.

Other AFIG grants covered a percentage of the cost of purchasing alternative fuel and gasoline electric hybrid vehicles, the purchase of nitrogen tire inflation systems for Pennsylvania automotive service providers to help improve vehicle fuel economy, the constructing of the refueling infrastructure for ethanol and biodiesel and advancing innovative alternative fuel and vehicle technologies, including control systems and batteries through research and development.

In 2008 DEP awarded \$6.5 million in grants through the Alternative Fuels Incentive Grant program that leveraged another \$9.3 million in private investment to expand the production and use of homegrown biofuels, as well as advanced alternative vehicle technologies. The investments will support research into new potential fuel sources that will help the state meet its energy demands using domestic alternatives.

An AFIG Grant in the amount of \$173,350 was awarded to Greater Philadelphia Clean Cities Project (GPCCP) in 2007 for The PA E85 Corridor Project. This project involves the construction/installation of nineteen E85 stations in various locations between Philadelphia and State College. In 2009, GPCCP completed/opened one more of the proposed nineteen planned station conversions. The station conversion was completed during the fourth quarter of 2009 at Tom's Hanover in Hanover, PA. A National Environmental Policy Act (NEPA) approval was granted for the Tom's Hanover station. Thirteen of the proposed nineteen stations have been completed and opened. The remaining six stations are slated to go on line before the end of 2010.

An AFIG Grant in the amount of \$166,695 was awarded to Pittsburgh Regional Clean Cities (PRCC) in 2007 for The Greater Pittsburgh Higher Blend Biodiesel Infrastructure Program. This project involved the construction/installation of three higher blend biofuel distribution stations throughout the Greater Pittsburgh area. In 2009 PRCC encountered additional site challenges, particularly at the Construction Junction Site. These issues eventually lead to the abandonment of the proposed station at this site. In addition PRCC encountered cash flow problems to purchase equipment and pay for installation up front (AFIG is a reimbursement grant) which led to the extension of this grant until Oct. 31, 2010.