

North America HVAC News

October 2009



International Market Strategy

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World: HVAC/Heating Reports Available Immediately

List of BRG CONSULT reports available immediately:

- USA Heating and Cooling (Boilers, Water Heaters, Furnaces, Air Conditioners)
- Canada Heating and Cooling (Boilers, Water Heaters, Furnaces, Air Conditioners)
- USA Heat Pumps
- USA Solar Thermal
- USA Solid Fuel

- China Heating (Boilers, Radiators, Water Heaters)

- Europe Heating (Boilers, Radiators, Water Heaters)
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West Europe:

- France
- Germany
- UK
- Belgium
- Netherlands
- Sweden
- Austria
- Italy
- Spain
- Portugal
- Switzerland
- Ireland
- Greece
- Denmark
- Norway
- Finland

East Europe:

- Russia
- Poland
- Czech Republic
- Turkey
- Hungary
- Romania
- Bulgaria
- Slovakia
- Ukraine
- Republic Slovenia
- Croatia
- Estonia
- Latvia
- Lithuania

Discounts available. For more information, please contact Marie Vermeulen or Evan Wehmeyer (mvermeulen@brgconsult.com, ewehmeyer@brggroup.com) at BRG CONSULT NORTH AMERICA.

Source: BRG CONSULT



USA: CARRIER Acquires Leading Air Purification Technology Firm STRIONAIR

FARMINGTON, Conn., Aug. 31 -- CARRIER CORP., a unit of UNITED TECHNOLOGIES CORP., has acquired STRIONAIR, a producer of proprietary air purification systems employing patented "capture and kill" technology. The acquisition was completed today. Terms of the deal were not disclosed.

Founded in 1997, STRIONAIR developed and patented enhanced electronic filtration methods and products, including the only whole-house air purifier on the market validated by third-party testing to both capture and kill airborne germs, viruses and mold. STRIONAIR has been the supplier of CARRIER's residential Infinity Air Purifier since 2006, and has also developed, marketed and sold over 6,000 commercial systems. STRIONAIR is headquartered in Louisville, Colo.

"Acquiring STRIONAIR will allow CARRIER to better integrate the best-in-class Infinity Air Purifier into our overall product offering, as well as provide an opportunity for accelerated next-generation product development for both residential and commercial applications," said Bob McDonough, President, CARRIER Residential and Light Commercial Systems. "CARRIER has consistently led the industry in developing energy-efficient, environmentally sound solutions in home and building comfort and indoor air quality. The addition of STRIONAIR will further enhance this focus and tradition."

Dr. Peter McKinney, STRIONAIR's Vice President of Research and Development, added, "We look forward to continuing our leadership in indoor air quality and purification. STRIONAIR's entrepreneurial spirit and innovation capability, combined with CARRIER's product development expertise and appetite to invest in cutting-edge solutions, will result in even better offerings for customers."

Source: www.reuters.com



USA: ECR INTL. Announces Support of Revised NY State Net Metering Law

September 10, 2009 - Residential micro-combined heat and power technologies now eligible for net metering in New York.

ECR INTERNATIONAL today announced its support of the legislation, signed into law Aug. 27 by Governor Paterson, which expands New York State's current net metering law to include residential micro-combined heat and power (micro-CHP). Micro-CHP technologies, like ECR's Freewatt system, combine an ENERGY STAR-rated, high-efficiency natural gas or propane furnace or boiler with a Honda co-generator to produce heat and electricity for homes.

"The inclusion of micro-CHP as an eligible technology in New York State's net metering law is extremely significant," said Michael Paparone, president and CEO of ECR International. "Net metering will allow micro-CHP homeowners to offset the cost of electricity they purchase from a utility by selling any excess power they generate back to the utility. We estimate this will save New York State homeowners approximately \$1,000 per year."

The previous law permitted net energy metering for residential solar, farm waste, non-residential solar and residential and/or farm service wind electric generating systems. The amended law also requires electric corporations to permit net energy metering for micro-CHP generating equipment and to provide for the interconnection to the electric system of micro-CHP systems in the same manner as other eligible technologies.

"I am very pleased that this new law will encourage economic investment in skilled New York jobs, which includes our local residents who work at ECR International in Utica as well as those New Yorkers who work at the facility in Dunkirk," Assemblywoman RoAnn Destito (D/WF-Rome) explained. "ECR International has already invested \$10 million in upgrading its Utica and Dunkirk facilities retaining and creating 35-40 jobs, with approximately another \$5 million in planned further investments that will add 300 more jobs in the next few years as a result of the enactment of this very important measure."

The amended law takes effect immediately, but allows New York electric utilities three months to prepare for the appropriate changes. ECR International will be working with the utilities to help establish the procedures required to comply with the new law.

"New York State and its residents face significant energy and climate change challenges," said Sen. David Valesky, D-Oneida, who introduced the bill to the Senate on April 15, 2009. "Energy efficiency continues to be the most cost-effective and the most immediate way to reduce the burden of rising energy and environmental costs, as well as our energy-related carbon footprint."

Micro-CHP has been identified by the United States Environmental Protection Agency (EPA) as one of its 2009 Climate Choice technologies. According to the EPA, Climate Choice is a new partnership program that recognizes emerging technologies that have the potential to substantially reduce greenhouse gas emissions once they are more widely adopted.

Source: www.ecrinternational.com



USA: FULTON Expands Vantage Hydronic Boiler Product Line with 4MM Btu/hr Model

1 September 2009 - Pulaski, NY –FULTON (www.fulton.com), a global manufacturer of steam, hydronic and thermal fluid heat transfer products and provider of innovative energy management solutions, has expanded the VANTAGE hydronic boiler product line with the addition of a 4,000,000 Btu/hr model.

Engineered to provide the highest thermal efficiencies across a variety of condensing hydronic heating applications, this newest addition to the VANTAGE line features dual fuel capabilities with natural gas/propane and natural gas/#2 fuel oil configurations. The VANTAGE boiler is the first condensing boiler to offer operation on #2 oil as a backup fuel, with efficiencies up to 92%.

“The #2 fuel oil capability offers an important advantage in those geographic regions, especially large cities, where propane is not permitted in the quantities required for commercial building heating, ventilation and air-conditioning (HVAC) equipment operations,” explained Erin Sperry, commercial heating product manager at FULTON. “A backup fuel source is often critical to hospitals, schools and other facilities located in these regions, so #2 oil becomes an ideal secondary fuel.”

When #2 oil is selected, the VANTAGE control system automatically loads the correct fuel profile, simplifying backup fuel switchover requirements. This same simplicity applies to natural gas/propane dual fuel applications.

Vantage boilers also offer a low emissions configuration that allows for <12PPM NO_x across all operating conditions, and a variable-speed blower motor ensures precise load matching to maintain building temperatures.

The boiler’s high-mass, high-water-volume design uses Duplex steel alloys in condensing applications. Duplex stainless steel offers superior corrosion resistance and lower thermal expansion rates, compared to 300 series stainless steels, making Duplex the premier choice for ultra-high-efficiency heating equipment.

The high-mass and high-water-volume design removes minimum return water temperature requirements and reduces sensitivity to varying flow conditions, eliminating the need for boiler temperature control valves. Lower return water temperatures promote condensing of the flue gases and increase the Vantage boiler efficiency.

The VANTAGE hydronic boiler can be integrated with FULTON’s non-condensing RELIANCE copper finned tube boiler in a hybrid system that optimizes cost-saving initiatives for both original equipment purchases and payback associated with high-efficiency heating systems.

The complete VANTAGE product line includes 2,000,000 to 4,000,000 BTU/hr input models.

Source: www.fulton.com



USA: RHEEM Named Exclusive Supplier For SOLAR CO-OP

11 September 2009 -- RHEEM MFG CO. announced its association with the Valley Electric Association to launch the largest domestic solar water heating (DSWH) program undertaken in the United States. This program offers each member of the VEA an electrical co-op servicing more than 22,000 meters within Nevada and California.

By installing a RHEEM SOLPAK water heating system, participating residents and business owners can achieve significant water and energy savings, the company says, estimating that members switching from electric or propane water heating systems will save between \$250 and \$550 annually on water heating.

According to the VEA, this program will also help to eliminate 15.4 million pounds of carbon dioxide annually and save \$34 million or more, collectively, on energy costs over the next 20 years.

VALLEY ELECTRIC and RHEEM officially kicked off the DSWH program at Valley Electric's 2009 Energy Symposium Sept. 5 in Pahrump, Nev.

"In addition to providing affordable solar water heating to nearly 5,000 homes, we anticipate that the program will immediately create over 100 jobs in Nevada and increase capital in the area by approximately \$12 million," said Jeff Mahoney, RHEEM alternative energy market manager.

VALLEY ELECTRIC will provide zero percent interest financing to members who choose to participate in the DSWH program, allowing resident members an easy pathway to using the energy-saving technology. Participating members will also be eligible to receive a federal tax credit of up to 30 percent of the installed cost including labor.

For more information on the DSWH program, visit www.vea.coop.

Source: www.pmmag.com



USA: WATERFURNACE Named to Sustainable Business List

1 September 2009 -- For the second consecutive year, SustainableBusiness.com has named WATERFURNACE RENEWABLE ENERGY INC. to its 2009 Sustainable Business 20 list as one of the world's top sustainable stocks.

This is the 8th annual SB20 list developed by SustainableBusiness.com, which consists of 20 publicly traded companies leading the way to a more sustainable global economy and environment. The list is published online and in the *Progressive Investor* newsletter, which actively tracks and analyzes sustainable stocks.

To develop the list, a panel of industry judges combine knowledge and experience to analyze both a company's contribution to a sustainable environment as well as their financial strength. These companies hold the potential to have a widespread influence with a very strong "green" story, and have made major announcements and/or significant progress in meeting sustainability targets over the past year.

"Being names to the SB20 list for the second year in a row is testimony to the work that WATERFURNACE has been doing to bring energy-efficient technology to the forefront," said Tom Huntington, WATERFURNACE president and CEO. "We take our business seriously and not only value the importance of providing superior renewable energy solutions, but also the greater impact our products and technologies have on our economy, environment and global sustainability."

WATERFURNACE manufactures geothermal home comfort systems that are among the world's greenest heating and cooling systems, utilizing the renewable solar energy stored beneath the earth's surface, saving as much as 70% on heating, cooling and hot water costs, and emitting no carbon dioxide, carbon monoxide or other harmful greenhouse gases. Geothermal energy is homegrown, reducing U.S. dependence on foreign oil and creating "green collar" jobs at home.

Additionally, as part of the American Recovery and Reinvestment Act, homeowners who install a geothermal system before December 31, 2016, can take advantage of a federal renewable energy tax credit of 30% of the total investment for the system.

Source: The Wholesaler



USA: LOWE'S Profit May Fall Short of Street View

Sept. 22, 2009, NEW YORK -- The second-largest U.S. home-improvement retailer, LOWE'S COS., on Tuesday kept its profit forecast for this year and gave an outlook for next year that may fall short of Wall Street expectations even as it expects to gain market share.

The Mooresville, N. C.,-based company also said it has decided to shut a struggling store in Milwaukee that it opened in 2005. LOWE'S, with \$48.2 billion sales last year, operates more than 1,675 stores in the U.S. and Canada.

Per-share profit in the year ending Jan. 29 is expected to be \$1.13 to \$1.21 a share with comparable-store sales declining 7% to 9%. LOWE'S also said it expects to open 62 to 66 stores this year.

For next year, profit is expected to grow to a range between \$1.24 and \$1.34 a share with same-store sales increasing about 1%. The company said it plans to open 35 to 45 stores in 2010, in line with its lowered projection in August.

Analysts, on average, had estimated the retailer to earn \$1.21 a share this year and \$1.34 next year, according to FactSet.

LOWE'S "is attempting to take a conservative outlook," said J.P. Morgan analyst Christopher Horvers in a research note. "The management team has been inconsistent in providing alternating conservative and optimistic forecasts. Investors will likely greet this forecast with some skepticism in spite of the recent above-two-year-trend acceleration in (same-store sales) at many retailers in August and September."

The company plans to detail its growth strategy at an analyst meeting in Charlotte Tuesday.

The outlook came after LOWE'S in August reported a worse-than-expected 19% in its second-quarter profit, decided not to pursue several potential future-store projects and lowered its North American plan for store openings next year. At the time, its second-half forecasts fell short of Wall Street expectations.

The company said it's seeking to grow market share profitably, expanding growth into underserved markets, exploring international opportunities and capitalizing on changing consumer behavior to increasingly take on home repair and maintenance projects on their own.

LOWE'S, like its larger rival HOME DEPOT INC., has been hurt by shoppers balking at spending for special-order kitchen cabinets and other big-ticket but non-essential items, despite some signs of bottoming in the U.S. housing market.

HOME DEPOT shares were unchanged at \$28.14.

Source: www.marketwatch.com



USA: MCJUNKIN RED MAN Acquires TRANSMARK

28 September 2009 -- MCJUNKIN RED MAN CORPORATION recently entered into an agreement to acquire TRANSMARK FCX GROUP B.V. (TRANSMARK), a leading international distributor of specialty valves and flow control equipment.

MCJUNKIN RED MAN president and CEO Andrew Lane said, "The purchase of TRANSMARK will strengthen MRC's global position as a leading distributor of pipe, valves and fittings for the energy and industrial markets. This acquisition is yet another step in the transformation of MRC, which began in 2007 with the merger of MCJUNKIN CORPORATION and RED MAN PIPE AND SUPPLY COMPANY to form MCJUNKIN RED MAN CORPORATION."

Since that time, MRC has acquired the remaining ownership of MIDFIELD SUPPLY in Canada and acquired St. Louis, Mo.-based LABARGE PIPE AND STEEL. TRANSMARK, headquartered in Bradford, U.K., has a network of 45 distribution and service facilities in the U.K., Europe, the Middle East, Australia, New Zealand and Southeast Asia. The company has a proven track record in the selection, supply, service, support and delivery of some of the world's leading brand names in flow control equipment, serving major international companies in the petrochemical and refining, chemical, power and energy industries.

Lane went on to say, "Through the purchase of TRANSMARK, we will expand our product and service offering, provide access to more of the world's leading brand names, and expand our industrial distribution channel. The acquisition will also grow our customer base in existing sectors and strengthen our relationship with customers doing business in the global marketplace."

Source: The Wholesaler



USA: BAKER DISTRIBUTING Acquires Certain Assets of AC&H

16 September 2009 -- BAKER DISTRIBUTING COMPANY LLC, a wholly-owned subsidiary of WATSCO INC. yesterday announced that it acquired certain assets of AIR CONDITIONING & HEATING SUPPLY (AC&H), headquartered in Sandy, Utah. Founded in 1986, AC&H operates from six locations throughout Utah and serves over 500 air conditioning and heating contractors. The company will continue to do business as AIR CONDITIONING & HEATING SUPPLY and be managed by Floyd Siddoway and its existing management team.

Carole Poindexter, president of BAKER DISTRIBUTING COMPANY LLC, commented: "We welcome Floyd Siddoway and the AC&H team of associates and customers to the BAKER family. We are excited to support AC&H and build upon its market strength by offering more products at competitive prices, participation in our marketing programs and our state-of-the-art inventory management and IT systems — and most importantly, provide the capital needed to grow in the Utah market."

Established in 1945, BAKER DISTRIBUTING COMPANY LLC's headquarters is located in Jacksonville, Fla. It is one of the leading heating, air conditioning, and refrigeration distributors in the U.S. BAKER operates six distribution hubs — in Jacksonville; Denton, Texas; Tracy, Calif.; Baton Rouge, La.; Memphis, Tenn.; and Wilmington, Mass. BAKER also currently operates service centers throughout the U.S., including facilities in Alabama, Arizona, Arkansas, California, Connecticut, Florida, Georgia, Illinois, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont and Virginia. BAKER's key to success is the ability to offer superior service, products, and attention to the needs of its local markets, in addition to having the ability to service national accounts.

Source: The Wholesaler



USA: R.E. MICHEL Acquires SCHWARTZ DISTRIBUTING

21 September 2009 -- The R.E. MICHEL COMPANY has purchased the significant assets of SCHWARTZ DISTRIBUTING, based in New Philadelphia, Ohio. In business since 1947, SCHWARTZ is a prominent wholesale distributor of HVAC and other products to manufactured housing retail dealers and contractors serving that business segment.

“We are keenly aware that the past decade has been a trying time for sales of new manufactured housing units,” said president Doc Michel. “However, the installed base is enormous and with SCHWARTZ covering Ohio, western Pennsylvania and most of West Virginia, we see a significant opportunity for replacement and service business coupled with a predictable number of new installations. With a history of nearly 75 years of superior customer service, we are anxious to demonstrate our capabilities to a new customer base.”

The privately held R.E. MICHEL COMPANY now operates more than 200 sales locations in 22 states. The newly acquired operation will do business as SCHWARTZ DISTRIBUTING, an affiliate of R.E. MICHEL COMPANY INC.

Source: The Wholesaler



USA: Schwarzenegger Orders Increase in Renewable Energy Use

September 15, 2009 - Gov. Arnold Schwarzenegger signed an executive order Tuesday requiring that California draw 33% of its electricity from renewable sources like solar and wind power by 2020. The requirement is stricter than any other state's except Hawaii's, which calls for 40% by 2030.

"Right now, we are relying too heavily on coal-fired power plants," Mr. Schwarzenegger said at a news briefing in Sacramento, shortly before signing the order.

About half the 50 states have renewable energy requirements, often called renewable portfolio standards. The climate bill passed by the House in June would establish this type of mandate at the national level, requiring 20% of the nation's electricity to come from a combination of renewable energy sources and energy efficiency measures by 2020. The Senate has yet to vote on a companion measure.

In 2008, Mr. Schwarzenegger signed an executive order establishing a 33% renewable target by 2020. But Tuesday's order was more definitive and provided guidance to state regulators about how to carry out the requirement. Mr. Schwarzenegger said that increasing production of renewable energy was an important part of California's strategy to reduce emissions of heat-trapping gases.

The details have recently been the subject of political wrangling. Last weekend, the Legislature, which Democrats control, passed bills with a 33 percent requirement for renewables. But Mr. Schwarzenegger, a Republican, said he would veto the bills, calling them "poorly drafted," "overly complex" and likely to raise costs. In particular, he and many environmental officials were concerned that the bills would have severely restricted the amount of renewable electricity that could come from outside California.

"I am totally against protectionist policies," Mr. Schwarzenegger said Tuesday.

Gino DiCaro, a spokesman for the California Manufacturers & Technology Association, said that while any renewable energy requirement was likely to increase costs for manufacturers, the executive order was "a step in the right direction" relative to the Legislature's bills, which would have imposed heavier costs.

The executive order explicitly states that renewable energy from "resources and facilities located throughout the Western Interconnection" is welcome. The Western Interconnection is the power grid that spans the West.

Establishing a requirement, however, is far different from meeting it, as California is already finding out. The state's interim mandate of 20% of electricity from renewable sources and energy efficiency by 2010 looks likely to fall short. The San Diego Gas and Electric Company, the furthest behind of the state's three big utilities, says it currently gets 10% of its electricity from such sources.

Source: www.nytimes.com



USA: Residential Heating, Cooling Equipment Shipments Still Down Overall

16 September 2009 -- U.S. factory shipments of residential cooling and heating equipment declined in July, compared with the same month a year ago. Although, oil-fired, warm-aired furnaces and heat pump shipments showed a bit of an increase compared to last year's numbers, according to the Air-Conditioning, Heating, and Refrigeration Institute (AHRI).

Warm Air Furnaces

U.S. factory shipments of gas-fired, warm-air furnaces in July totaled 161,301, a 13.8 percent drop compared with the same month last year. For the year-to-date, gas furnace shipments totaled 1,056,915, a 14.8 percent drop compared with the same period last year.

Oil-fired, warm-air furnaces for the same month totaled 3,057, an 11.2 percent increase compared with July 2008 totals. Oil furnace shipments for the year-to-date totaled 21,526, an 18.1 percent drop compared with the same period last year.

Storage Water Heaters

For the year-to-date, about 2,183,800 residential gas water heaters have been shipped, about 11.3 percent drop compared with the same period a year ago. Also, for the year-to-date, about 2,209,732 residential electric storage water heaters have been shipped, a 13.9 percent drop compared to the last year.

As for commercial electric water heater shipments, year-to-date numbers totaled 33,870, which is 18.4 percent behind total shipments of this product during the same period last year (41,523). Commercial gas water heater shipments (45,854) for the year-to-date are down 16.7 percent, compared with the same period a year ago (55,055).

Central Air Conditioners and Air-Source Heat Pumps

For the year-to-date, combined U.S. factory shipments of central air conditioners and air-source heat pumps shipments totaled 3,353,331, down 17.7 percent compared with the same period last year.

Heat pump shipments for July totaled 156,464, up 21.3 percent from the same month a year ago. However, for the year-to-date, heat pump shipments totaled 1,073,924, a 14.6 percent drop compared with the same period last year.

Source: Supply House Times



USA: DOE Announces Testing for AEROSYS, INC. Products

24 September 2009 -- As part of its renewed efforts to ensure compliance with national energy efficiency appliance standards, the U.S. Department of Energy today issued a test notice requiring AEROSYS, INC. to provide sample air conditioners and heat pumps for laboratory testing by DOE. The test notice, issued under 10 CFR 430.70, requires AEROSYS to make test samples of certain AEROSYS-manufactured air conditioners and heat pumps available to DOE at its own expense. The Department will then determine whether these products comply with applicable DOE energy standards, which are designed to strengthen efficiency levels for various appliances, save money for consumers, and reduce greenhouse gas emissions.

“In response to our subpoena, AEROSYS provided confidential certification test data that claimed to show standards compliance for seven of its basic models,” said DOE General Counsel Scott Blake Harris. “But we concluded that the AEROSYS data left open questions about whether their products fully comply with all of the relevant energy efficiency standards. As the next step in the process, we will be testing the products ourselves to ensure that these appliances meet national energy efficiency standards.”

President Obama and Secretary Chu have moved aggressively to clear the backlog of energy efficiency standards for appliances and reinforce the Department’s efforts to save energy for American consumers and businesses. In February 2009, President Obama tasked the Department of Energy with quickening the pace of energy conservation standards for appliances, while continuing to meet legal and statutory deadlines. The Department of Energy has now issued energy efficiency standards for each of the appliance categories highlighted by the President, and is continuing to move forward to develop new energy saving standards and to consistently and aggressively enforce existing standards.

Source: U.S. Department Of Energy



USA: Unexpected Tariff May Further Strain U.S.-China Trade Relations

30 September 2009 -- Companies that import solar panels to the United States are facing up to \$70 million in unexpected tariffs.

The bill comes at a time when the industry is already struggling and could hurt both foreign solar panel makers and foreign and American distributors.

It could also further strain trade relations between the United States and China.

The issue began with a short letter to United States customs officials last December from the small American subsidiary of a Spanish energy company. The subsidiary, GES USA, wanted to know what the tariff would be to import certain solar panels from China.

On Jan. 9, the customs agency wrote back that the panels had become too sophisticated to qualify for duty-free import. Instead — because the panels contain a basic electronic device for safety and energy efficiency — they would be treated as electric generators, subject to a duty of 2.5 percent.

Such low-level duties are standard on many imports, and are much less punishing than the punitive tariffs aimed at restricting the trade of a certain good, for example, the 35 percent tariff on Chinese tires announced three weeks ago.

But the duties come at a particularly difficult time for the global solar power industry. Many panel manufacturers are losing money because of fierce competition from ever-expanding production in China and a worldwide downturn that has driven down prices. Raising prices now to cover past tariffs will be hard because the market is glutted with panels; prices have fallen a fifth since early this year.

The decision is legally binding on most solar panels imported into the United States. But virtually no one in the industry became aware of it until the last few weeks. Meanwhile, unpaid duties piled up, along with penalties that are likely to double the cost.

The United States exported almost as much solar panel equipment as it imported in the first seven months of this year — \$605 million in imports and \$555 million in exports, according to Commerce Department data.

The Solar Energy Industries Association, a coalition of domestic and foreign companies that is headed by an executive from SUNTECH, a Chinese solar company, argues that American tariffs on solar panels could lead other countries to impose tariffs on American exports.

The customs decision is dividing the industry between importers and companies that produce solar equipment in the United States. And with China accounting for a rising share of American imports, the tariff could become a sticking point in bilateral trade relations already troubled by the dispute over tires, autos and chicken parts.

Some Chinese solar panel manufacturers are already planning to move final assembly of solar modules to plants in the United States, a step that could allow them to avoid the duty someday, said Rhone Resch, the chief executive and president of the industry association.



The duty generally applies to solar panels that provide power to a residential, commercial or industrial electrical system; small solar panels imported with built-in light bulbs are already counted as electric lights and are subject to a tariff of 3.9 percent.

Lawyers are critical of the industry for not spotting the problem sooner.

“It is somewhat unusual for an industry to take as long as eight months to become aware of a customs ruling that affects it,” said Mel Schwechter, a partner at DEWEY AND LEBOEUF in Washington and a former president of the Customs and International Trade Bar Association.

Customs decisions, even for a single importer, are made public on the agency’s Web site and on commercial Web sites, said Mr. Schwechter, who is not advising any of the participants in the dispute.

Mr. Resch said the industry, which is relatively new, lacked the resources to constantly track tax and regulatory decisions.

Duties will be doubled if customs officials determine that companies have been negligent in not paying them earlier.

Importers might also be liable for duties on all solar panels brought into the United States in the five years before the ruling if customs officials decide that the companies were guilty of “material misstatement or omission” for failing to notice sooner that solar panels had evolved to the point that they no longer met duty-free rules.

The association plans to challenge the classification of the panels as generators in court, Mr. Resch said.

But before starting what could be lengthy litigation, the safest strategy for each importer, according to trade lawyers, is to pay immediately the duties and accrued penalties for shipments received since January, and to start paying the duty going forward.

“We’re taking this very seriously — it has a large financial impact in the United States and it has global ramifications,” Mr. Resch said.

Top officials at Customs and Border Protection, the agency that succeeded the Customs Service, could overrule the technical specialists who determined that the sophisticated panels should be treated like electric generators. Such a move would extend duty-free treatment to the latest solar panels. But that would mainly benefit Chinese producers, whose share of the market has surged in the last two years.

It would also reduce the incentive for companies to manufacture panels in the United States — a politically touchy decision at a time when American cities have been vying for panel factories even as the industry is shifting production to China.

Importers, a mixture of foreign and American manufacturers and distributors, are liable for duties and penalties, not consumers who bought imported panels in recent years.

Imports account for almost half of the solar panels sold in the United States.



Customs issued its ruling on Jan. 9, less than two weeks before President Obama took office. The ruling said that a panel from TRINA SOLAR of China was really a generator because it was equipped with a diode that allows electric current to pass around areas of the panel that are shaded. The diodes have become standard on solar panels, and are effectively required to meet American safety standards.

Javier Muniz, the chief executive of GES USA, said through a spokeswoman that GES solicited the customs opinion last winter for a project that did not end up being built. GES did not tell other companies about the ruling, he added.

Even TRINA SOLAR, the Chinese panel maker, became aware of the decision only "in recent weeks," a Trina spokesman said. Industry leaders have tried to keep the customs decision secret in the last few weeks while holding emergency meetings to decide on a legal strategy, but Mr. Resch discussed the decision after being asked repeatedly about it.

Unlike many large overseas manufacturers, TRINA still exports directly from China to independent distributors in the United States. TRINA does not have a American subsidiary to import the panels and handle the customs paperwork.

"TRINA SOLAR is currently classified as an exporter and is not liable for the duty arising from these regulations," said Terry Wang, the company's chief financial officer.

SUNTECH, China's biggest manufacturer of solar panels, said that it was aware of the customs decision and was looking into it.

Mr. Resch estimated that the duty would cost the industry \$70 million this year, and there would be more tariffs in the years to come.

That calculation assumes the industry will be found negligent for not paying the duty on panels imported since January and will be assessed the doubled duty. It assumes the industry will not be found liable for shipments in the preceding five years.

Source: New York Times



USA: Alternative Energy Projects Stumble on a Need for Water

29 September 2009 -- In a rural corner of Nevada reeling from the recession, a bit of salvation seemed to arrive last year. A German developer, SOLAR MILLENNIUM, announced plans to build two large solar farms here that would harness the sun to generate electricity, creating hundreds of jobs.

But then things got messy. The company revealed that its preferred method of cooling the power plants would consume 1.3 billion gallons of water a year, about 20 percent of this desert valley's available water.

Now SOLAR MILLENNIUM finds itself in the midst of a new-age version of a Western water war. The public is divided, pitting some people who hope to make money selling water rights to the company against others concerned about the project's impact on the community and the environment. "I'm worried about my well and the wells of my neighbors," George Tucker, a retired chemical engineer, said on a blazing afternoon.

Here is an inconvenient truth about renewable energy: It can sometimes demand a huge amount of water. Many of the proposed solutions to the nation's energy problems, from certain types of solar farms to biofuel refineries to cleaner coal plants, could consume billions of gallons of water every year.

"When push comes to shove, water could become the real throttle on renewable energy," said Michael E. Webber, an assistant professor at the University of Texas in Austin who studies the relationship between energy and water.

Conflicts over water could shape the future of many energy technologies. The most water-efficient renewable technologies are not necessarily the most economical, but water shortages could give them a competitive edge.

In California, solar developers have already been forced to switch to less water-intensive technologies when local officials have refused to turn on the tap. Other big solar projects are mired in disputes with state regulators over water consumption.

To date, the flashpoint for such conflicts has been the Southwest, where dozens of multibillion-dollar solar power plants are planned for thousands of acres of desert. While most forms of energy production consume water, its availability is especially limited in the sunny areas that are otherwise well suited for solar farms.

At public hearings from Albuquerque to San Luis Obispo, Calif., local residents have sounded alarms over the impact that this industrialization will have on wildlife, their desert solitude and, most of all, their water.

Joni Eastley, chairwoman of the county commission in Nye County, Nev., which includes Amargosa Valley, said at one hearing that her area had been "inundated" with requests from renewable energy developers that "far exceed the amount of available water."

Many projects involve building solar thermal plants, which use cheaper technology than the solar panels often seen on roofs. In such plants, mirrors heat a liquid to create steam that drives an



electricity-generating turbine. As in a fossil fuel power plant, that steam must be condensed back to water and cooled for reuse.

The conventional method is called wet cooling. Hot water flows through a cooling tower where the excess heat evaporates along with some of the water, which must be replenished constantly. An alternative, dry cooling, uses fans and heat exchangers, much like a car's radiator. Far less water is consumed, but dry cooling adds costs and reduces efficiency — and profits.

The efficiency problem is especially acute with the most tried-and-proven technique, using mirrors arrayed in long troughs. "Trough technology has been more financeable, but now trough presents a separate risk — water," said Nathaniel Bullard, a solar analyst with NEW ENERGY FINANCE, a London research firm.

That could provide opportunities for developers of photovoltaic power plants, which take the type of solar panels found on residential rooftops and mount them on the ground in huge arrays. They are typically more expensive and less efficient than solar thermal farms but require a relatively small amount of water, mainly to wash the panels.

In California alone, plans are under way for 35 large-scale solar projects that, in bright sunshine, would generate 12,000 megawatts of electricity, equal to the output of about 10 nuclear power plants.

Their water use would vary widely. BRIGHTSOURCE ENERGY's dry-cooled Ivanpah project in Southern California would consume an estimated 25 million gallons a year, mainly to wash mirrors. But a wet-cooled solar trough power plant barely half Ivanpah's size proposed by the Spanish developer ABENGOA SOLAR would draw 705 million gallons of water in an area of the Mojave Desert that receives scant rainfall.

One of the most contentious disputes is over a proposed wet-cooled trough plant that NEXTERA ENERGY RESOURCES, a subsidiary of the utility giant FPL GROUP, plans to build in a dry area east of Bakersfield, Calif.

NEXTERA wants to tap freshwater wells to supply the 521 million gallons of cooling water the plant, the BEACON SOLAR ENERGY PROJECT, would consume in a year, despite a state policy against the use of drinking-quality water for power plant cooling.

Mike Edminston, a city council member from nearby California City, warned at a hearing that groundwater recharge was already "not keeping up with the utilization we have."

The fight over water has moved into the California Legislature, where a bill has been introduced to allow renewable energy power plants to use drinking water for cooling if certain conditions are met.

"By allowing projects to use fresh water, the bill would remove any incentives that developers have to use technologies that minimize water use," said Terry O'Brien, a California Energy Commission deputy director.

NEXTERA has resisted using dry cooling but is considering the feasibility of piping in reclaimed water. "At some point if costs are just layered on, a project becomes uncompetitive," said Michael O'Sullivan, a senior vice president at NEXTERA.



Water disputes forced SOLAR MILLENNIUM to abandon wet cooling for a proposed solar trough power plant in Ridgecrest, Calif., after the water district refused to supply the 815 million gallons of water a year the project would need. The company subsequently proposed to dry cool two other massive Southern California solar trough farms it wants to build in the Mojave Desert.

“We will not do any wet cooling in California,” said Rainer Aringhoff, president of SOLAR MILLENNIUM’s American operations. “There are simply no plants being permitted here with wet cooling.”

One solar developer, BRIGHTSOURCE ENERGY, hopes to capitalize on the water problem with a technology that focuses mirrors on a tower, producing higher-temperature steam than trough systems. The system can use dry cooling without suffering a prohibitive decline in power output, said Tom Doyle, an executive vice president at BRIGHTSOURCE.

The greater water efficiency was one factor that led VANTAGEPOINT VENTURE PARTNERS, a Silicon Valley venture capital firm, to invest in BRIGHTSOURCE. “Our approach is high sensitivity to water use,” said Alan E. Salzman, VANTAGEPOINT’s chief executive. “We thought that was going to be huge differentiator.”

Even solar projects with low water consumption face hurdles, however. TESSERA SOLAR is planning a large project in the California desert that would use only 12 million gallons annually, mostly to wash mirrors. But because it would draw upon a severely depleted aquifer, TESSERA may have to buy rights to 10 times that amount of water and then retire the pumping rights to the water it does not use. For a second big solar farm, TESSERA has agreed to fund improvements to a local irrigation district in exchange for access to reclaimed water.

“We have a challenge in finding water even though we’re low water use,” said Sean Gallagher, a TESSERA executive. “It forces you to do some creative deals.”

In the Amargosa Valley, SOLAR MILLENNIUM may have to negotiate access to water with scores of individuals and companies who own the right to stick a straw in the aquifer, so to speak, and withdraw a prescribed amount of water each year.

“There are a lot of people out here for whom their water rights are their life savings, their retirement,” said Ed Goedhart, a local farmer and state legislator, as he drove past pockets of sun-beaten mobile homes and luminescent patches of irrigated alfalfa. Farmers will be growing less of the crop, he said, if they decide to sell their water rights to SOLAR MILLENNIUM. “We’ll be growing megawatts instead of alfalfa,” Mr. Goedhart said.

While water is particularly scarce in the West, it is becoming a problem all over the country as the population grows. Daniel M. Kammen, director of the Renewable and Appropriate Energy Laboratory at the University of California, Berkeley, predicted that as intensive renewable energy development spreads, water issues will follow.

“When we start getting 20%, 30% or 40% of our power from renewables,” Mr. Kammen said, “water will be a key issue.”

Source: New York Times



USA: More Companies Take Part in Carbon Study

21 Sept. 09, NEW YORK -- More companies than ever are supplying data about their carbon footprint ahead of key meetings this week at the United Nations and the G20, a global group that tracks emissions from major corporations announced Monday.

It's an example of how the stars from the corporate and public-policy universe are aligning on climate change for the G20 summit and the major meeting at the United Nations this week.

While no major breakthroughs are expected, some of the framework for climate-change measures will be laid out before the global talks in Copenhagen later this year, with world leaders addressing the expiration of the historic Kyoto Protocol next year.

The Carbon Disclosure Project, the nonprofit entity, said the response rate from its Global 500, the largest companies in the FTSE Global Equity Index, rose to 82% this year from 77% last year.

The United States, Japan, Germany, the United Kingdom and France accounted for 70% of both respondents and emissions disclosed.

The number of Asian firms responding increased to 71 from 51, while the BRIC country response (Brazil, Russia, India and China) doubled from 22% to 44%.

Among other findings in the study: 51% of the Global 500 companies report emission-reduction targets, up from 41% in 2008. The number of nonrespondents fell to fewer than 100 for the first time.

"These figures suggest that, despite the recession, companies are taking climate change seriously," said Steve Milunovich, Bank of America Merrill Lynch alternative-energy strategist and analyst. "Key areas of disclosure include emissions, reduction targets, forecasts, emission verification and annual reporting."

On the U.N. front, climate chief Yvo De Boer said he expected Chinese President Hu Jintao to announce a series of measures to establish the country as a world leader in climate change, according to reports.

ALLIANZ SE, CONSOLIDATED EDISON INC., EMC CORP., RECKITT BENCKISER and SIEMENS AG along with BASF, BOEING CO. and CISCO SYSTEMS INC. were among the global corporations leading efforts to tackle climate change, according to this year's Global 500 Report.

The companies topping the list on carbon disclosure in 2009 include BAYER, BASF, HSBC HOLDINGS, WAL-MART STORES INC. and CHEVRON CORP.

Founded in 2000, the Carbon Disclosure Project represents some 475 global institutional investors, with more than \$55 trillion in assets under management.

CDP collects key climate-change data from some 2,500 corporations around the globe, and has assembled the largest corporate-emissions database in the world. It also works with multinational organizations to facilitate the collection of climate-change data.

Source: www.marketwatch.com



USA: DOE to Fund up to \$454 Million for Retrofit Ramp-Ups in Energy Efficiency

WASHINGTON, DC – U.S. Secretary of Energy Steven Chu today announced a new \$450 million program designed to catalyze a nationwide energy upgrade that experts estimate could save \$100 million annually in utility bills for households and businesses. The Recovery Act's "Retrofit Ramp-Up" program will pioneer innovative models for rolling out energy efficiency to hundreds of thousands of homes and businesses in a variety of communities. Much like past roll-outs for cable TV or the Internet, DOE intends to create models that, when undertaken nationally, will save consumers billions of dollars on their utility bills and make the huge savings of energy efficiency available to everyone.

"Energy efficiency isn't just low-hanging fruit; it's fruit lying on the ground. We have the tools to reduce energy use at home and at work and to provide huge savings to families and businesses on their energy bills. But use of these technologies has been far too limited because we lack the simple and effective ways for people to access them," said Energy Secretary Steven Chu.

"The 'Retrofit Ramp-Up' program will support large-scale models that can open new energy efficiency opportunities to whole neighborhoods, towns, and, eventually, entire states," continued Secretary Chu. "The Recovery Act will allow innovative communities to demonstrate a variety of sustainable business models that can be replicated across the country."

The Request for Information (RFI) being issued today is for competitively-selected local energy efficiency projects. This competitive portion of the Energy Efficiency and Conservation Block Grant (EECBG) Program will target community-scale retrofit projects that make significant, long-term impacts on energy use and can serve as national role models for grassroots energy efficiency efforts. DOE is seeking public comment on this newly funded program under the Recovery Act. Public comment ends on September 28, 2009.

The Department of Energy is accepting feedback on both the competitively-selected portion of the EECBG program for up to \$390 million for neighborhood-scale building retrofits, as well as up to \$64 million for local governments that were not eligible to receive the formula grants announced earlier this year. The EECBG program empowers local communities to make strategic investments to meet the Nation's long-term goals for energy independence and leadership on climate change.

This first topic area under the funding solicitation will target a select number of innovative programs that are structured to provide whole-neighborhood building energy retrofits. These will be projects that demonstrate a sustainable business model for providing cost-effective energy upgrades for a large percentage of the residential, commercial, and public buildings in a specific community. Possible approaches could include innovative partnerships between the public and private sector, utility retrofit and audit programs, alternative financing, retail partnerships, and others. The Department of Energy will award up to \$390 million for these projects.

The second topic area for up to \$64 million is reserved for cities, counties and State-recognized Indian Tribes that were not eligible to receive population-based formula grant allocations from DOE under the Energy Efficiency and Conservation Block Grant program. These funds are intended to help expand local energy efficiency efforts and reduce energy use in the commercial, residential, transportation, manufacturing, or industrial sectors.



“The aim of the ‘Retrofit Ramp-Up’ program is to jump-start an industry that makes energy efficiency savings easy to access and available to everyone. By encouraging partnerships between local governments and effective private enterprises, we hope tune-ups for buildings will become as accepted as tune-ups for cars. These efforts will save Americans millions of dollars, reduce carbon pollution, and create new green jobs,” said Secretary Chu

The complete Request for Information is available [HERE](#). Public comment is requested by September 28, 2009. The Funding Opportunity Announcement is expected to be released in early October, following the public comment period.

Source: US Department of Energy