

Winslow Environmental News

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FEATURED COMPANY

ENVIRONMENTAL POWER CORPORATION: COW POWER

BY ELIZABETH LEVY

Five Star Dairy in Elk Mound, Wisconsin had a problem. With 900 Holstein dairy cows in its herd and a plan to add more animals, the



dairy needed a better way to manage the 120 pounds of manure produced by each cow *daily*. In the past, the farm would dump the dung into an uncovered lagoon, letting the solids sink to the bottom and utilizing the liquid waste that rose to the top as fertilizer, making for a nasty, smelly mess. At the same time, Dairyland Power Cooperative, serving four Midwestern states, wanted to increase its energy generating capacity and boost the amount of renewable energy in its portfolio.

Please see COW POWER page 4



Conservation: Kick Start Our Oil Independence

BY ELLEN PFEIFER

ZIP UP THAT SWEATER. TURN DOWN THAT THERMOSTAT. IT LOOKS AS IF JIMMY CARTER MAY HAVE BEEN RIGHT: CONSERVING ENERGY MAY BE THE WAY TO GO. WHILE THE CURRENT U.S. PRESIDENT IS URGING AMERICANS TO KICK THEIR OIL ADDICTION BY DRIVING HYBRIDS AND HEATING WITH SOLAR PANELS, MANY ENERGY EXPERTS ARE TOUTING THE MUCH MORE IMMEDIATE BENEFITS OF CONSERVATION.

Squeeze every last mpg or kwh from current energy supplies. Legislate stricter minimum standards for vehicle mileage and appliance energy demand. Encourage mass transit. Increase incentives through more tax credits. Install energy efficient furnaces and air conditioners. While greater petroleum independence will be possible down the road as advanced technologies become commercially viable, advocates maintain there are important economic, environmental and political gains to be had right now.

The First Line of Defense: Use Less

For example, Bill Prindle, Policy Director of the

American Council for an Energy-Efficient Economy (ACEEE), states: "While exploring clean energy sources is important, we must moderate energy demand through energy efficiency; otherwise, no energy supply system, no matter how clean, will be able to keep up with runaway demand."

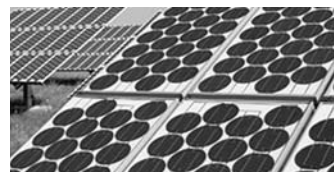
The Conservation Law Foundation's Seth Kaplan agrees: "Energy efficiency is all about the shockingly obvious idea that if we burn less fuel in our homes, power plants and cars, we will reduce air pollution while also saving money. And if we do it right, our more efficient homes, cars and

Please see CONSERVATION page 7

MARKETBEAT PAGE 2

Conservation Investing Gaining

Eclectic category finds common ground
in solid returns for investors



PORTFOLIO UPDATE PAGE 6

EMCORE Tapped for Solar Cell Project

Expertise sought in making the transition
from the laboratory to the marketplace

NEW FACE AT WINSLOW

Winslow is pleased to welcome Ethan Berkwits as its new Director of Mutual Fund Marketing.

Ethan joined Winslow in March of this year after two years as a director of marketing at Green Century Capital Management, an environmentally responsible investment firm. At Green Century, Ethan was responsible for a variety of mutual fund marketing and public relations activities and also served as its chief liaison to outside portfolio managers. Prior to Green Century, Ethan was a Principal at Alliance Consulting Group, helping technology and consumer products companies develop strategies to accelerate their growth in new markets and new product areas. Earlier in his career, he spent several years working in Merrill Lynch's Private Client Group.

Ethan will direct all marketing efforts for Winslow's current and future mutual fund offerings, with responsibility for advertising programs, public relations strategies, advisor relationship management and shareholder communications. Jack Robinson, President of Winslow, welcomed Ethan, stating "We are extremely pleased that Ethan has joined the Winslow team, as he has the expertise in marketing and the passion for the environment to take Winslow's mutual fund business to the next level."

Ethan received his undergraduate degree from Duke University, where he majored in Public Policy with a concentration in Environmental Policy. He received his MBA from Boston University, where he graduated first in his class with a concentration in finance.

MARKETBEAT

CONSERVATION HEATING UP AT LAST

BY JACKSON W. ROBINSON

A new and eclectic growth category is emerging for "green" investors. While alternative energy has captured the attention and imagination of regulators, investors and average citizens in these times of high energy prices, there is another solution to sticker shock and petroleum addiction that is often ignored: conservation, the theme of this issue of *Winslow Environmental News*.

As the economies of the world grow, so does the worldwide demand for the finite supply of fossil fuel resources, whose prices are escalating. In response, greater attention is being paid to alternatives. Somewhat belatedly, resource optimization and con-

servation are also achieving new credibility. Observing the trends, businesses and investors are starting to realize that conservation technologies have an important role to play, now and in the future.

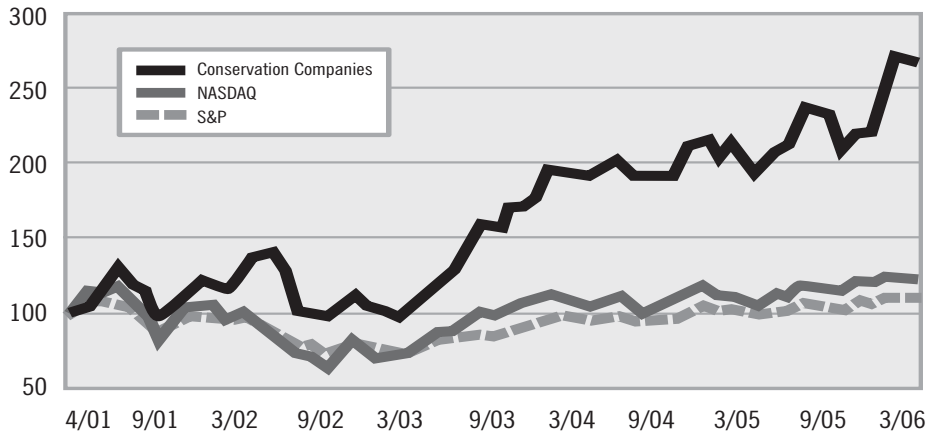
The Petroleum Problem

With the global demand for oil rising steadily over the last few years, prices have skyrocketed, exposing vulnerability in many economic sectors. And even though oil-producing nations are quick to assure us that they won't run out of petroleum any time soon, fears of "peak oil" – the time after which the amount of global oil extraction peaks and begins to decrease – are becoming more com-

Conservation Companies

Aleris International, Inc. (ARS)	Manufactures rolled and recycled aluminum products and specification alloys
American Superconductor Corp. (AMSC)	Develops and manufactures high temperature superconductor wires and power electronic converters
Caraustar Industries, Inc. (CSAR)	Manufactures converted partboard products and recycled paperboard
Catalytica Energy Systems, Inc. (CESI)	Provides emissions solutions for the transportation industry and combustion-related applications for power generation
Environmental Power Corp. (EPG)	Owns and operates agriculture-waste energy facilities
Fuel-Tech N.V. (FTEK)	Develops and applies technologies for air pollution control; process optimization services for combustion facilities
Headwaters, Inc. (HW)	Provides technologies and services to the energy and construction materials industries
Interface, Inc. (IFSIA)	Offers floor coverings, interior fabrics and specialty products for commercial and residential interiors, using post-industrial and post-consumer recycled content
Itron, Inc. (ITRI)	Provides hardware, software and services to integrate the creation, measurement, management and forecasting of data for electric, gas and water utilities
Lindsay Manufacturing Co. (LNN)	Designs and manufactures self-propelled center pivot and lateral move irrigation systems which enhance or stabilize crop production while conserving water, energy and labor
Maxwell Technologies, Inc. (MXWL)	Develops and manufactures power delivery and energy storage solutions
Power Integrations, Inc. (POWI)	Designs and manufactures efficient analog integrated circuits for power conversion
Sonoco Products, Co. (SON)	Manufactures industrial and consumer packaging products including recycled materials
Tetra Tech, Inc. (TTEK)	Provides consulting, engineering and technical services in the areas of U.S. infrastructure and resource management
Trex Company, Inc. (TWP)	Manufactures composite products for residential and commercial decking using waste wood fibers and reclaimed polyethylene

Performance of Conservation Companies vs. Indices



This group of stocks has been nothing short of a stellar performer over the last one, three, and five years, handily outperforming both the S&P 500 and the NASDAQ Composite.

mon. Even though we probably are not at peak oil yet, we will be there someday.

Given the concerns about scarcity, geo-politics and high prices of oil, “alternative energy” technologies including wind, solar, biomass and fuel cell companies are looking better all the time. Wind companies are being acquired by multinationals, fuel cell companies are partnering with the automobile companies, and solar companies are going public almost weekly. At the same time, conservation – previously a niche enthusiasm of “green” investors – is finally emerging as a new and sustainable growth sector.

Reduce, Reuse, Renew

Conservation is a broad-ranging category. It includes companies that recycle, reuse and remanufacture carpets, paper, plastic, aluminum and even manure. It includes technologies that meter electricity, gas, and water. And it includes firms that make energy efficient computer chips, batteries, or boilers. A list of the public companies in the conservation category would surely include the 15 domestic companies listed in the table, selected from a group of stocks with a market cap greater than \$25 million, generated in consultation with the Canaccord Adams research staff.

Performance Stars

We constructed an equal-weighted index of these 15 companies in March 2006*. This group of stocks has been nothing short of a stellar performer over the last one, three and five years, handily outperforming both the S&P 500 and the NASDAQ Composite. As the accompanying chart shows, over the five-year period ending March 1, 2006, the Conservation Companies Index has increased a whopping 169% compared to the S&P 500’s modest gain of 10% and the NASDAQ’s 23%. Over the one-year period ending the same date, the Conservation Companies increased 33% versus 9% for the S&P and 13% for the NASDAQ.

We draw a few conclusions from these convincing results. Over the past few years, economies have been plagued by higher commodity prices, and higher fossil fuel prices in particular. Companies and consumers have been interested in conserving water and energy not so much for environmental value as for economic value, driving the growth of these conservation companies. As global economic growth continues and energy prices remain high, we think these conservation companies will continue to reap the benefits. □

*The performance of the Conservation Index does not represent actual trading in a client or proprietary account or the performance of securities selected on a prospective basis. Winslow constructed the index in March 2006 reflecting the current criteria for including a security in the index. This type of model performance is sometimes referred to as back-tested data, since it is not possible to state with certainty that Winslow would have selected the same securities during the relevant period or that its selection process has not been influenced by knowledge of how the selected securities actually performed during the period. Additionally, the results may not reflect the impact that any material or economic factors may have had on the backtested index, if the index had been used during that period. Results should not be considered indicative of the performance of any account Winslow manages. The S&P 500 is an unmanaged index that includes a representative sample of 500 leading companies in leading industries in the U.S. economy. The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market. An investor cannot invest directly in any of the indices mentioned. **Past performance is not indicative of future results.**

COW POWER continued from page 1

Enter Environmental Power Corporation (AMEX:EPG). EPG installed a 750,000 gallon anaerobic digester system at Five Star Dairy last summer, turning the farm's agricultural waste into methane gas for electricity generation. The goal is to produce approximately 64,000mm BTUs of biogas and 775 kw electricity per year. The farm, which can use some of this energy for its own needs, hopes to



The EPG digester system installed at Five Star Farm

reduce its liquid petroleum gas requirements by 90%. It also expects to virtually eliminate odors, kill weed seeds in the manure that would otherwise require chemical herbicides, and create environmentally sound compost, fertilizer and bedding material for the animals. Best of all, the biogas produced in the digester is infinitely renewable. Even when the sun doesn't shine or the wind doesn't blow, there will always be plenty of manure.

Harnessing the Power of Poop

Although EPG is composed of two operating subsidiaries, Buzzard Power (which runs an 83 megawatt waste-coal power plant) and Microgy Co-generation Systems, the company's new management team is refocusing the company on Microgy. Through Microgy, EPG holds the exclusive North American technology license from Xergi, a Danish company, for its highly efficient anaerobic digester technology that has already been implemented at 30 sites in Denmark and other European countries.

Microgy/Xergi's process uses special bacteria to

digest manure – supplemented with a fatty substrate such as food, agricultural or other animal wastes – during a month-long process in a heated, stirred, multi-thousand gallon reaction vessel. This process is remarkably dependable – the digester

kept working this February as temperatures dipped to -35 degrees! Biogas is produced during the reaction and treated solids are separated from liquids, resulting in a soft, dry, comparatively odorless material used as animal bedding, compost or as fuel to be

burned directly. The remaining reduced-volume, nutrient-rich, lower-odor liquid can be safely applied to land as a fertilizer. The biogas can be burned directly to power the farm; it can generate electricity to be sold into the local electric utility grid; or it can be further cleaned and compressed and sold into a nearby natural gas pipeline.

As the manure is transformed into useful byproducts, the Microgy digester simultaneously reduces the serious environmental impacts of conventional large-scale manure management, including:

- the noxious odor of the lagoons;
- the atmospheric release of smog precursors and asthma-inducing particulate matter;
- the release of methane, which is a more potent greenhouse gas than carbon dioxide;
- the land and water degradation caused by disposal of the lagoon waste; and
- overabundant liquid waste.

Best of all, the biogas produced in the digester is infinitely renewable. Even when the sun doesn't shine or the wind doesn't blow, there will always be plenty of manure.

Anaerobic digestion tackles these problems by capturing many of the air pollutants. The digestion also mineralizes the nutrients remaining in the liquid fertilizer, turning them into a form that is easier for plants to absorb and so reducing the risk of nutrient runoff contaminating nearby water bodies.

Enormous Potential

Because Microgy's business model is to "design, build, own and operate" systems, the company can capture the value of the energy produced. Farmers can solve their environmental problems and save money on conventional fuel. Power companies can buy energy from Microgy that is certified as "green" and qualifies as the renewable energy they need to comply with green energy generation laws now in force in approximately half of the states in the U.S.

The market for both Microgy's waste treatment and energy generation capabilities could be huge. According to company estimates, there are over 1,200 dairy farms in the U.S. alone with more than 1000 cows – some with more than 20,000 cows – with total biogas production potential of 170 million BTUs annually. While the company has focused on the dairy market first, there are others that can benefit from this technology as well, such as beef and swine farms. In March, the company announced its first project at a Swift & Co. meat processing plant, to install three to four digesters at a facility in Nebraska. And in January, the company signed a Memorandum of Understanding with California's Pacific Gas & Electric Company (PG&E) that will allow future EPG projects in California to sell their biogas into nearby PG&E natural gas pipelines.

Naysayers Contend No Dung Deal

Anaerobic digestion as a method of manure management has not persuaded all environmental analysts. A March 2006 editorial in *The New York Times* disparaged environmental claims of digester biogas as hogwash. The expensive systems, the paper claimed, require government subsidies, don't

produce much energy, don't mitigate pollution very effectively and mostly benefit factory farms rather than traditional small-scale farms. Kam Tejwani, EPG's President and CEO, counters that 80% of manure comes from 20% of farms and that these farms have been rapidly consolidating over the past 10-15 years. "We see this trend as an opportunity to focus our resources and provide as much renewable energy to our nation as possible."

Other critics claim that digester systems might be too technologically challenging for farmers. In response, Tejwani points out that Microgy – not the farmers – runs the systems so farmers can concentrate on what they do best. He adds, "Microgy's advanced, European technology is more efficient, providing four to five times the energy output of traditional digesters."

Convincing the critics will be difficult until the company has a longer track record. So far, EPG has completed three single-digester systems in the U.S., pilot projects in Wisconsin, including Five Star Dairy. Construction of Huckabay Ridge in Texas, the first multi-digester project, is slated for completion in the second half of 2006. Project costs will vary with scale: the single digester Wisconsin plants cost approximately three times as much per digester as the eight-digester Huckabay Ridge, which is estimated to cost a total of \$8.8 million, shared with project partner South-Tex Treaters, which has a 40% interest in the project. The financial returns from projects will vary with natural gas and electricity prices. For example, company estimates for revenue from Huckabay Ridge in its first year of operation vary from approximately \$2 million to almost \$10 million, depending on the price of natural gas.

We think the future smells sweet for a company that can close the circle of manure, methane, megawatts, and money. □

**There are over
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PORTFOLIO UPDATE

VitalStream Holdings, Inc. (OTCBB:VSTH)

IRVINE, CA – VitalStream, a video and audio streaming provider, announced in February that its board of directors approved several significant initiatives to help strengthen the company financially and strategically. The company announced its successful completion of a private financing totaling \$14 million in cash, its intention to enact a reverse split of common stock designed to allow the company to qualify for listing of its common stock on the Nasdaq Capital Market, and the addition of Mel Harris, former President of both Paramount Pictures and Sony Pictures Entertainment, to the VitalStream board of directors. Winslow was the lead investor in the private financing.

“As we formalized our 2006 plan, VitalStream’s board recognized that in order to accelerate our ability to capture our share of the significant operating and acquisition opportunities in the streaming media applications market, we needed to strengthen our balance sheet, expose the company to a wider investor base, and

deepen our strategic relationships. We have now taken significant steps towards achieving all of these objectives,” said Jack Waterman, Chairman and CEO of VitalStream.

SurModics, Inc.

(NASDAQ:SRDX)

EDEN PRAIRIE, MN – In late March, SurModics announced the completion of patient enrollment in the STRIDE (Sustained Triamcinolone Release for Inhibition of Diabetic Macular Edema) Phase I Clinical Study. The trial is assessing the safety and tolerability of the I-vation Intravitreal Implant with triamcinolone acetate in patients with Diabetic Macular Edema (DME) under an Investigational New Drug application with the U.S. Food and Drug Administration (FDA). The I-vation Intravitreal Implant is a drug delivery system that can deliver a variety of drugs on a sustained release basis for well over a year; can be implanted in a minimally invasive procedure, and may be removed once the drug has been fully released. This technology has the potential to replace multiple injections with a single implant providing long-term, controlled drug release.

“Completing Phase I enrollment in our STRIDE clinical trial marks a significant milestone in the development of technologies and therapies for our Ophthalmology Division,” said Bruce Barclay, President and CEO of SurModics. “We are particularly pleased with the strong interest expressed by ophthalmology and pharmaceutical companies in identifying ways of delivering drugs in the eye over an extend-

ed period of time. We look forward to completing the six-month follow-up and submitting results to the FDA later this year.”

Fuel-Tech N.V. (NASDAQ:FTEK)

STAMFORD, CT – In March, Ralph E. Bailey, Chairman of Fuel-Tech, announced three top key executive appointments to manage the Company’s rapidly expanding business. Mr. John F. Norris Jr., a former senior executive at American Electric Power and Duke Energy Corporation, has been elected President and CEO of Fuel-Tech and will be located at Fuel-Tech’s operating headquarters in Batavia, Illinois. Mr. Steven C. Argabright, formerly President and Chief Operating Officer (COO) of Fuel-Tech, has been elected Vice Chairman of Fuel-Tech and will lead the development of Fuel-Tech’s important emerging international business. Mr. Vincent J. Arnone, formerly Vice President, Chief Financial Officer and Treasurer, has been elected Senior Vice President, Chief Financial Officer and Treasurer. Mr. Bailey will remain Executive Chairman and will continue to be fully engaged in the direction of the company. In addition, Mr. Douglas G. Bailey will remain Deputy Chairman of Fuel-Tech.

Ralph Bailey stated that the election of these executives will result in a deeper and faster penetration of domestic markets while enabling Fuel Tech to capitalize on very large international market opportunities, especially in Mexico, The People’s Republic of China and Western Europe.

EMCORE Corporation

(NASDAQ:EMKR)

SOMERSET, NJ – In February, EMCORE, a provider of compound semiconductor-based components and subsystems for the broadband, fiber optic, satellite, and wireless communications markets, announced that it has signed a subcontract to participate in the Defense Research Projects Agency (DARPA) Very High Efficiency Solar Cell (VHESC) program to more than double the efficiency of terrestrial solar cells within the next 50 months. EMCORE’s Photovoltaic division was selected by the University of Delaware, the prime contractor for the DARPA VHESC program, to develop advanced III-V multi-junction solar cells in Phase I of the program effort. In later phases, EMCORE expects to develop a technology roadmap for enabling significantly lower fabrication costs for the very high efficiency solar cells.

“The University of Delaware is pleased that EMCORE is part of the VHESC consortium, and will bring its successful legacy of compound semiconductor solar cell technology development to this critical DARPA effort,” Allen Barnett said. “A key part of this project also is making the transition from the laboratory to production and the marketplace. Because of the participation of corporations like EMCORE, which are already involved in solar product manufacturing, and because several team members, myself included, have experience in bringing high-technology products to market, we expect the VHESC program to result in the development of practical and producible technology for these high value applications.”

CONSERVATION continued from page 1

offices will also be better and more pleasant places.”

Transportation: The Power of Fuel Efficiency

According to the ACEEE, transportation accounts for 28% of energy consumption and 67% of petroleum use, and transportation energy use is growing faster than any other major category of energy use. Not surprisingly, the group maintains that “increasing the fuel economy of light duty vehicles is the single most effective energy-saving policy the federal government could adopt.” It points out that the Corporate Average Fuel Economy (CAFE) standards adopted by Congress in 1975 resulted in nearly doubling the average fuel economy of cars on American roadways over 10 years, saving the United States over 55 billion gallons of fuel annually. (The government announced CAFE updates shortly before publication - see winslowgreen.com for updated commentary.)

However, CAFE standards have been frozen since 1996 and, ironically, SUVs are exempt from the same standards as automobiles. As a result, ACEEE reports that the fuel economy of the combined light duty fleet has now dropped to 24 mpg from its 1986-87 high of 25.9 mpg. And the group contends that if Congress were to “raise CAFE standards by 5% annually until 2012 and by 3% per

year thereafter, the U.S. could save 1.5 million barrels of oil per day by 2010, 4.7 million by 2020 and 67 billion over the next 40 years.” At the same time, imports of crude oil which are expected to “increase 66% between 1999 and 2020 would only increase by 19%.”

Even without stricter CAFE standards, automakers are starting to offer alternatives to the low-efficiency, gas-guzzling cars, trucks and SUVs, spurred on by individual states pushing for greater fuel efficiency. “Honda and Toyota hybrid gasoline-electric vehicles are 50-75% more efficient than typical new cars in the same size classes,” reports ACEEE. The new 2006 midsize hybrid Toyota Highlander and Lexus RX 400h SUVs are getting approximately 30 mpg and releasing “the cleanest tailpipe emissions ever,” according to greencars.com.

Although these greener cars often cost more up front, they offer consumers considerable savings in gas expenditures. For example, a Honda Civic Hybrid would save an owner \$3560 in gasoline costs over five years as compared to a non-hybrid Civic that gets 24 mpg, travels 12,000 miles a year and fills up with gas at \$2.69 per gallon. To make the purchase of green cars even more attractive, the government has offered a limited federal tax credit

Please see CONSERVATION page 8

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THE NIGHT THE LIGHTS WENT ON IN WASHINGTON

Over the past several months we have witnessed a sea change in the attitude towards renewable energy within the investment community and the greater public. While there have been many reasons for this change, the most notable has been the transformation of the tone in Washington, D.C.

We anticipated the much-hyped alternative energy portion of George W. Bush's fifth State of the Union address with both hope and a healthy dose of skepticism after having our hopes dashed before. But this time was different: he stated clearly that the time had come for us to develop clean and renewable domestic energy sources, declaring that the United States was “addicted to oil.”

With those few words, Mr. Bush was able to change the dialogue on renewable energy, moving the industry beyond the traditional partisanship and political rhetoric. We are no longer hearing that the industry is a plot of the radical left trying to undermine “Big Oil.” Instead, we are hearing from self-described “neo-conservatives” that the time is right for clean, renewable energy. For those of us who have been advocating the need to develop alternative energy for a long time, we have found ourselves in a very odd spot — the mainstream!

While the battle for energy independence has just begun, we seem to be moving toward the belief that common sense should win on this critical issue. At this moment in time, both the left and right are in agreement on the need to end our addiction to oil.



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CONSERVATION continued from page 7

(up to \$2000) to consumers who purchase hybrid vehicles.

Heat and Power Initiatives

Old-fashioned conservation paired with modern energy-efficient appliances and heating systems can work wonders in cost savings and pollution reduction. The EPA-backed Energy Star program has been successful in alerting consumers to products that meet higher energy efficiency standards. According to the Alliance to Save Energy, "households that replace existing equipment with Energy Star qualified products can cut annual energy bills by 30 percent, or more than \$500 a year."

If consumers need more encouragement, utilities in some states have been offering rewards programs to customers that reduce their energy use. According to *The Wall Street Journal*, these programs "are leading to a marked reduction in consumption... Pacific Gas and Electric Corp. of California saw its natural gas rate soar 43 percent from last year. This year the company is offering 20 percent rebates on home heating bills for those that trim 10 percent from their winter natural gas usage. So far, more than 3 million households and small businesses are in the running for that rebate."

More Support for Conservation

The urgent need for conservation is already being heeded in numerous Asian countries with "soaring oil prices and unrelenting demand for energy," according to the Associated Press. "Governments are rolling out tougher standards for automobiles, appliances and new construction while offering tax incentives for energy-conscious employers."

Many conservationists feel the U.S. Government should become similarly aggressive. ACEEE recently expressed its disappointment in the U.S. Department of Energy's proposed funding cuts for energy efficiency in the FY 2007 budget and similar cuts in the U.S. Environmental Protection Agency's Energy Star program.

"Energy efficiency has demonstrated that it can provide America's fastest and least expensive remedy for the high oil and natural gas prices that continue to cut jobs and sap our economic strength," ACEEE maintains. While "higher fuel prices have added over \$300 billion to Americans' annual energy bills since 2003," conserving "4 to 5% of gas usage over the next five years would cut wholesale prices by 25% and would return over \$100 billion in savings to the economy." Nice dividends for a zipped up sweater.



Should you invest for
the **environment**
superior growth
or **both?**

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Update on Corporate Average Fuel Economy (CAFE) Standards

On March 29, 2006, as this issue of the *Winslow Environmental News* was going to print, the Department of Transportation released a new set of CAFE standards for light trucks, including SUVs. Under the new standards, SUVs will need to meet a sliding scale of efficiency by the 2011 model year, with the toughest standards applying to the lightest SUVs, which will have to achieve 28.4 miles per gallon. The agency reports that the CAFE Light Truck Rule will result in an average fuel efficiency of 24 miles per gallon, up from the current average of 21.6. Transportation Secretary Norman Mineta noted, “By the time that our reforms are fully in place, these new light truck standards will save... a total of 10.7 billion gallons.”

The American Council for an Energy Efficient Economy (ACEEE), however, criticizes the standards for not going far enough to decrease oil usage. The group’s website states “The President has called for a 75 percent reduction in Middle East oil imports by 2025... a reduction of approximately 5 million barrels per day by 2025. The new light truck fuel economy requirements...yield roughly one-seventh of that amount.”

ACEEE also fears that the sliding scale arrangement could lead to backwards results: “The final rule could also cause the nominal overall light truck fuel economy to be eroded by allowing unlimited sales of lower mileage, larger trucks... This change allows automakers to sell large numbers of full-size pickups and SUVs without offsetting them with sales of more fuel-efficient trucks, as had been required under the previous CAFE system.”

In addition, while the new standards do include SUVs that weigh up to 10,000 pounds for the first time, they do not include other trucks; the rule states that it exempts “heavy-duty pickups and most medium- and heavy-duty cargo vans that are primarily used for agricultural and commercial purposes.” Environmental Defense claims the contrary, stating, “our research shows that most drivers of new large pickups use them for commuting and personal trips, and less than 5% of new pickup owners work in agriculture.”

While environmental groups generally welcomed the inclusion of SUVs into the CAFE system they also criticized the standards themselves. Environmental Defense’s reaction to the rule, for example, stated, “Though the standards will help to mitigate oil consumption and global warming, they are not adequate to the task,” while the Union of Concerned Scientists calls the new standards a “squandered” opportunity and “miniscule change”, pointing out that according to their own analysis, “the new standards will save less than two weeks of gasoline each year over the next two decades.”