



# Pennsylvania Energy Development Authority Board Meeting

Wednesday, September 18, 2019



# Agenda

- I. **Call to Order and Roll Call**
- II. **Approval of May 2015 Meeting Minutes**
- III. **Election of Officers**
- IV. **Financial Report**
- V. **Status of 2014 Projects**
- VI. **Grantee Project Presentations**
- VII. **Draft 2019 Energy Development Plan**
- VIII. **Future Funding Opportunities**
- IX. **Public Comment**
- X. **Other Business**
- XI. **Adjourn**

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# Approval of Meeting Minutes

- Review May 18<sup>th</sup> 2018 Meeting Minutes
- Questions/Discussion
- Edits
- Approve

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# Election of Officers

## **Secretary**

- Has charge of the records of the Authority\*

## **Treasurer**

- Custodian of all funds and monies of the Authority\*

## **Executive Director**

- Provided by DEP, has general supervision of the business affairs of the Authority

*\*Elected by members of the PEDDA Board annually*

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# Financial Report

## Duquesne Light Settlement Funds

- All Funds utilized

## Growing Greener

- Commitments – \$549,913 (\$50,000)
- Available Balance -\$1,215,857 (\$1,715,770)

## Energy Development Funds (PEDA)

- Commitments - \$0.00 (499,913)
- Balance - \$3,406,400 (\$2,906,487)



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# 2014 PEDA Grant Round

- 184 applications submitted in August 2014 to be considered for financial assistance awards
- 28 projects were selected on October, totaling nearly \$12.5 million in financial assistance
- Awarded projects:
  - 19 Advanced Energy Projects
  - 5 Clean Alternative Energy Projects
  - 3 Advanced Energy Projects to be deployed in the Duquesne Light service territory
  - 1 Community Environmental Initiative project

# Status of 2014 Awards

- 21 projects successfully deployed\*
- 7 projects were mutually determined to be unable to move to completion as proposed
- 19 projects have submitted their one-year follow-up annual report
  - Awaiting two one-year follow-up annual reports
  - Total annual energy outcomes for the 19 projects are:
    - Electricity savings: 12,221 MWh/yr.
    - Alternative energy generation: 11,710 MWh/yr.
    - Natural Gas savings: Actual: 35,372 Mcf/yr.

\* *One project is still under construction*

# Status of 2014 Awards

- PEDA Case Studies
  - 15 Case Studies Developed
  - Include:
    - Project Size, Project Cost, Grant Share
    - Statement from the Grantee with quote
    - Pictures
    - Results and Benefits
- New PEDA Story Map
  - [Link](#)

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# Project Presentations

## Community Energy Solar

- Elizabethtown Solar PV Project
- \$500,000 grant, \$50,000 remaining
- Tom Tuffey, Principal, Community Energy





# Project Presentations

## Hydro Green Energy

- Braddock Locks and Dam Project
- \$499,913 grant, no reimbursements.
- Wayne Krouse, CEO, Hydro Green Energy





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# PEDA Energy Development Plan

- PEDA statute requires that an energy development plan be published and establish procedures for periodic updating and revision.
  - The energy development plan establishes procedures for granting financial and technical assistance.
  - PEDA last published the Energy Development Plan in October 16, 2014.
  - The Plan is currently housed on DEP's website- [PEDA webpage](#).
    - [2014 Energy Development Plan](#)

# PEDA Energy Development Plan

- 2019 Energy Development Plan has been refreshed
  - Introduction (pg. 1)
  - Mission (slight wording change) (pg. 1)
  - Pennsylvania’s Energy portfolio (pg. 6-7)
    - Pennsylvania’s changing energy profile
  - Added an Energy and Environmental Nexus section (pg.7-8)
  - Updated Pennsylvania’s Alternative and Clean Energy Programs, Policies and Actions (pg. 8-10)

# PEDA Energy Development Plan

- No significant changes in:
  - Background (pg. 1-2)
    - Authority, Structure and Governance
    - Defining Clean and Advanced Energy
  - PEDA's Energy Policy (pg.10-13)
    - Policy Objectives
    - Operational Guiding Principles
    - Criteria for Evaluating Programs and Projects
  - Procedures for Re-evaluation and Updating (pg. 13)

# PEDA Energy Development Plan

- Review of Plan
  - The board chooses to approve and/or suggest additional changes the plan.
- Next Steps
  - Upon making changes, the Draft Energy Development Plan will be posted for a 60 day public comment period.
  - All comments will considered before the plan is finalized.
  - The final plan including edits made as a result of the comments will then be presented to the PEDA Board.
  - The PEDA Board will vote to accept the plan.

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# Future Funding/Opportunities

- Continuation of funding discussion (May 2015)
  - Determined at the 2015 Board meeting, additional funding returned to PEDDA would not be used in an attempt to re-award projects from the 2014 solicitation.
  - Funding would be rolled forward into a future financial assistance offering.
- Discussion of grants vs. loans
  - Merits of providing assistance (grants/rebates) vs. capital investments and leveraging (loans).
  - PEDDA Board interested in exploring loans.



# Future Funding/Opportunities

- PEDA Board
  1. Identified a need for an evaluation, guidance and direction regarding making choices between grants and loans.
  2. Recommended an initiative to explore a GAP analysis.
  3. Requested DEP/PEDA Staff to share or discuss those results when the board reconvenes.

# Future Funding/Opportunities

- **Gap Analysis/Exploration:**

- DEP's Energy Programs Office contracted for, using State Energy Programs Funds, an [Energy Efficiency Financing in Pennsylvania GAP analysis \(March 2017\)](#).

- Three of the recommendations in the GAP analysis are of use for PEDDA .

1. *In the commercial sector consider **engaging a finance facilitator who can serve to translate, coordinate and provide a communication bridge between contractors and finance providers.***
2. *Consider other mechanism such as a **specific finance product or market facilitation to connect the large amount of capital available.***
3. *Provide product enhancements for the small commercial and small agricultural sectors such as **buy-down, loss reserve and other credit enhancements** to make financing product more marketable and accessible.*

# Future Funding/Opportunities

- **Gap Analysis/Exploration:**

- The Pennsylvania Chapter of the Nature Conservancy also issued two reports on this subject of increasing clean energy financing capabilities in Pennsylvania.
- **Reports were prepared by The Coalition for Green Capital.**
  - *The [Pennsylvania Clean Energy Market Report](#)* (February, 2017) and
  - The *[Pennsylvania Energy Investment Partnership Report](#)* (July, 2017)
  - Reports discusses an untapped billion-dollar clean energy investment market potential that is unrealized due to a lack of a coordinated energy investment partnership strategy.
  - Coordinated energy investment partnership strategies are commonly referred to as “Green Banks”.

# Future Funding/Opportunities

- **Examples of current PA energy investment partnership products**
  - ***DEP's Green Energy Loan Fund (GELF)*** The Green Energy Loan Fund is a statewide revolving loan fund using \$12 Million of American Recovery and Reinvestment Act
    - Funding provided by the Pennsylvania Energy Office in 2010 to enable low cost financing for projects resulting in clean energy and energy efficiency financing for building retrofits and equipment replacement.
    - To date GELF has loaned \$17.6 million to 14 projects.
    - Projects have leveraged the \$17.6 million into \$310 Million of investments in Pennsylvania's commercial building stock, an 18:1 investment ratio.
    - The Fund is bounded by the constraints of the ARRA funds used to capitalize the project – requiring Davis Bacon Wages, Buy American Provisions and in some cases depending on the project triggers a National Environmental Policy Act Review, and/or Historic Preservation Requirements.

# Future Funding/Opportunities

- **Examples of current PA energy investment partnership products**
  - ***Commercial Property Assessed Clean Energy (C-PACE):*** CPACE in Pennsylvania was enacted on June 12, 2018, when Governor Wolf signed SB 234 into law (Act 30 of 2018). PA was the 34<sup>th</sup> state to pass C-PACE enabling legislation.
    - The Philadelphia Energy Authority (PEA), the Sustainable Energy Fund (the SEF) have been instrumental in implementing CPACE.
    - The C-PACE program has been adopted in Chester County, Northampton County, Allegheny County, and Philadelphia County.
    - **The enabling of CPACE and successful deployment was identified as a Gap in the 2017 Energy Efficiency in Pennsylvania GAP analysis.**

# Future Funding/Opportunities

- **Evaluation of Opportunities:**

- Interviewed several Energy Investment Partnership providers to gain background information Green Banks.

- Key questions were:

1. How to utilize PEDA incentive funds to enable tens of millions of clean energy projects?
2. How to support rather than compete with new programs like CPACE, GELF etc.?
3. How to attract private capital to match with incentive funding?
4. How do other green banks operate?

- **14 Green Banks established with more under development\***

- In 2018 Green Banks in the US caused \$676 million in total investment, pushing total investment over \$3 billion since 2011\*

[\\*American Green Bank Consortium Green Banks in the US 2018 annual report \(May 2019\)](#)

# Future Funding/Opportunities

- **Green Banks:**

- The **Montgomery County Green Bank**, capitalized with \$14.1 million in funding from settlements funds from the Exelon-Pepco Merger, launched its first program in 2018, the *Commercial Loan for Energy Efficiency and Renewables (CLEER)*, a loan-loss reserve product that gives commercial and industrial property owners (including multifamily, nonprofits, and common ownership) in the County the opportunity to access affordable financing for clean energy and energy efficiency upgrades. The first two lending partners of the program are making \$20 million in loan capital available under the program.
- **Rhode Island Infrastructure Bank** operates *The Efficient Buildings Fund* which provides below-market interest rate loans to municipalities, school districts and quasi-state entities to invest in clean energy projects. Since 2016, the Efficient Buildings Fund has reduced energy and maintenance costs for municipalities by approximately \$66 million dollars through investments. The Efficient Buildings Fund complements the Bank's Commercial Property Assessed Clean Energy program.

# Future Funding/Opportunities

- **Green Banks:**

- The **DC Green Bank** will leverage public capital to increase and accelerate private investment to achieve Clean Energy goals. The Green Bank will offer funding options that lower the cost of capital for energy efficiency and clean energy projects. Products are to include: loans for commercial and multi-family properties, and gap financing for solar projects.
- The **NY Green Bank** has received over \$3.1b in investment proposals and made \$638m in investments to support clean energy projects with a total project cost of up to \$1.75b in New York State. Those investments in solar, community solar, energy efficiency and clean transportation contributed to estimated gross lifetime GHG reductions of between 8.3 and 10.3 million metric tons. NY Green Bank is working to raise additional \$1b in third party capital.
- **Michigan Saves**, Michigan's Green Bank, received a four-year commitment from a Michigan utility to launch a revolving loan fund for clean energy upgrades for LMI residents.



# Future Funding/Opportunities

- **Opportunity:**

- DEP has identified a potential partnership with PEDA and the PA Treasury to establish an Energy Investment Partnership Strategy – Green Bank.
- Pennsylvania Green Bank established by PEDA and Treasury could:
  1. Create a new specific finance product.
  2. Produce opportunities for market facilitation.
  3. Raise additional 3<sup>rd</sup> Party capital to leverage to PEDA incentive funds.

# Future Funding/Opportunities

- Comments:
  - **Keith Welks**  
Deputy State Treasurer for Fiscal Operations/Policy
- Discussion - All
- Next Steps - All

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# Other Business

- Other New Business as identified by Board Members
- Administrative items
  - Updating Contact Information
  - Identifying Alternates
  - Planning for next meeting

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