

The Pennsylvania Energy Development Authority

Annual Report 2021-2022



Tom Wolf, Governor

Ramez Ziadeh, Acting Secretary of Environmental Protection & Chairman of the Board

7200-RE-DEP5332 8/2022
G: 1583 AUG22

Officers

Ramez Ziadeh
Acting Secretary of Environmental Protection
Chair
Ex-Officio

Neil Weaver
Acting Secretary of Community and Economic Development
Secretary
Ex-Officio

Romulo L. Diaz, Jr.
Treasurer
Appointed

Board of Directors

Hon. John F. Coleman Jr.
Commissioner, Public Utility
Commission
Ex-Officio

Virginia L. Brown
AFSCME Phil. Dist. Council, Retiree
Chapt. 47
Appointed

Patrick Cicero
Consumer Advocate
Ex-Officio

Michael Welsh
SIBEW Third District
Appointed

Hon. Russell C. Redding
Secretary of Agriculture
Ex-Officio

Sarah Hetznecker
Appointed

Hon. Richard Vague
Secretary of Banking & Securities
Ex-Officio

Laureen M. Boles
City Of Philadelphia
Appointed

Hon. Carolyn Comitta
Pennsylvania Senate

Bernie Lynch
Strategic Development Solutions LLC
Appointed

Hon. Gene Yaw
Pennsylvania Senate

Vacant
Appointed

Hon. Joshua Kail
Pennsylvania House of Representatives

Vacant
Appointed

Vacant
Pennsylvania House of Representatives

Vacant
Appointed

Staff

Allen Landis
Executive Director

Libby Dodson
Energy Program Specialist

Introduction

This annual report covers the operations of the Pennsylvania Energy Development Authority (PEDA or Authority) for the period July 1, 2021 to June 30, 2022. Significant activities include the implementation of \$1.7 million to clean energy projects impacted by COVID-19 through the Pennsylvania Restart Grant and progress toward establishing a Green Bank. PEDA and Pennsylvania Department of Environmental Protection (DEP) staff members also continued to monitor progress and implementation of the 2014 awarded grant projects.

PEDA was created by the Energy Development Authority and Emergency Powers Act of 1982. PEDA is a public corporation governed by a 19-member Board of Directors and managed by an executive director and staff. PEDA became active when its first Board of Directors was confirmed on June 26, 1984, and it remained active until 1995. After a period of dormancy, on April 8, 2004, Executive Order 2004-5 was issued, revitalizing PEDA and transferring it to DEP, which now provides staffing for the authority.

PEDA's mission is to expand the market for Pennsylvania's clean, diverse, indigenous energy resources and to make contributions to energy conservation, energy efficiency, resiliency, and development. The actions of the Authority will help to mitigate the impacts of climate change through the reduction of greenhouse gas emissions. The Authority will support energy projects that improve public health and protect the environment, while strengthening economic development and job creation in Pennsylvania.

Accomplishments in the 2021-22 Fiscal Year

The PEDA Board convened twice during this fiscal year to accomplish several tasks. First, the Board met on October 5, 2021 to elect officers, receive updates on the PEDA Restart grants, and vote to post a Request for Proposals (RFP) seeking a third-party administrator for a statewide Green Bank.

The Board met again on May 3, 2022 to vote to approve the third-party administrator selection and hear an overview of the financial opportunities in the federal Infrastructure Investment and Jobs Act.

PEDA COVID-19 Restart Grants

In response to impacts on the clean energy sector as a result of the COVID-19 pandemic, DEP staff developed a grant program offering \$1.71 million to Pennsylvania clean energy projects that were disrupted.

The grant solicitation required applicants to demonstrate how an award would mitigate the impact of a project disruption caused by the COVID-19 pandemic. This included the re-hiring of workers or hiring of additional workers to complete the project quickly, ability to make immediate equipment payments to restart the supply chain, and the opportunity to overcome lost revenue due to market stagnation. Projects eligible for funding included the development and deployment of innovative, clean, advanced and efficient technologies; the generation of alternative energy or the production of alternative fuels; or the implementation of energy-efficiency/demand-side projects.

The PEDAs Board reviewed the grant solicitation at the August 2020 Board meeting, voting to approve the solicitation. The application period closed on October 2, 2020 with 58 applications submitted. Department staff reviewed and scored each application, submitting 11 projects to the PEDAs Board for approval.

The projects included energy efficiency, solar energy, high-performance building, and electric vehicle charging projects halted by the pandemic. Five businesses, two municipalities, two school districts, and two nonprofit organizations received grants for a variety of building and transportation projects that had broken ground or were in advanced planning stages before being disrupted by the pandemic. The projects are located in urban and rural areas in eight counties, and seven are in or will serve Environmental Justice communities. The PEDAs Board voted to approve all 11 projects at the November 2020 Board meeting, and DEP staff distributed all funds by June 2021. So far, nine of the eleven projects have been completed, with the remaining two projects expected to be completed during FY 2022-2023.

Below is a full list and description of each project. For more details on each project, please see DEP's press release.¹

1. City of Erie (Erie County): \$24,375 to install a 50-panel solar array for the Erie Central Fire Station, a 24-hour, 365-days a year emergency operations facility. The array will supply 22,130 kWh of electricity annually, offsetting 27% of the station's energy use and reducing operating costs for the municipality. The city was about to begin installation of this project in spring of 2020, but it lost a key financing partner that could no longer support the project due to COVID-19. **(50% Complete)**
2. Phipps Conservatory and Botanical Gardens (Allegheny County): \$235,000 to continue its Alternative and Net-Positive Energy Project. A 27.7 kW rooftop solar array will be added to the greenhouse to round out the conservatory-wide 234.81 kW solar array. Phipps Conservatory gets most of its revenue from visits, food service, etc., which were completely halted during the pandemic. The nonprofit could only complete the project this year with supporting funds from PEDAs. **(60% Complete)**
3. Town Real Estate Enterprises, LLC (Allegheny County): \$59,054 to complete high-efficiency lighting at the Omega Corporate Center, a 282,000 square foot office space in Robinson Township. The lighting project was in the middle of implementation when pandemic related restrictions were enacted, leading to significant time delays and costs for the project. **(Complete)**
4. Palmerton Area School District (Carbon County): \$250,000 for energy efficient windows and doors at Palmerton Area High School. The project aims to lower the school's energy use more than 6%, or an estimated 541 MMBtu. This project was expected to begin in March of 2020 but was halted due to uncertainty of impacts from COVID-19 on the school district's budget. **(Complete)**
5. Phoenix Contact Development and Manufacturing, Inc. (Dauphin County): \$250,000 to install a 961-kW solar array on the roof of the company's logistics center in Middletown. This project was complete with interconnection agreements

¹ www.ahs.dep.pa.gov/NewsRoomPublic/articleviewer.aspx?id=21891&typeid=1

and some permitting, but all project progress was halted due to stay at home orders. **(Complete)**

6. City of Pittsburgh (Allegheny County): \$189,403 for installation of 30 Level 2 chargers at the Second Avenue Parking Lot to power the city's growing electric vehicle fleet, which currently numbers 26 vehicles. Due to COVID-19, Pittsburgh Parking Authority's revenue was heavily impacted, leading to shifting of funds originally dedicated to this project. **(Complete)**
7. Kreider Property Improvements (Lancaster County): \$60,800 for an 89.6 kW rooftop solar array on the company's commercial property at 573 Willow Road in Lancaster, generating over 55,000 kWh of electricity per year. The project was designed and scheduled to occur in 2020 until the company was dramatically impacted by COVID-19, impacting property and construction revenues for most of 2020 and therefore limiting the ability of the company to complete the project without additional support. **(Complete)**
8. 63 Fraley Street, LLC (McKean County): \$225,000 to complete the Kane Passive House project, renovating a vacant three-story building in Kane Borough into an ultra-energy-efficient showcase. The house will approach net zero energy status through Passive House practices and certified components, properly sized heating and cooling equipment, and a roof-mounted solar array. The construction on this project was delayed five months from the original start date in March of 2020, while other material availability delays caused further financial impact associated with COVID-19. **(Complete)**
9. Port Allegany School District: \$204,763 to install over 6,400 LED lamps/fixtures and cooler/freezer controls. The benefits of the project go beyond energy savings, providing a learning opportunity for students. Due to budget impacts associated with COVID-19 and other investment priorities, this project would not have been completed without PEDAs funds. **(Complete)**
10. K.C. Mechanical Service, Inc. (Northampton County): \$96,000 to install a 112-kW ground-mounted solar project next to the company headquarters in Mt. Bethel. The project will generate over 112,000 kWh of electricity per year, exceeding 100% of the company's annual usage. The project was scheduled to begin in 2020, however, pandemic related closures significantly decreased company revenues and restricted the ability of the project to occur without support from PEDAs. **(Complete)**
11. Highlights Foundation (Wayne County): \$116,000 for the Boyds Mill Conference Center Net Positive Project in Honesdale. Net positive energy status will be accomplished through a combination of renewable energy production, energy conservation, and monitoring and control of a micro-grid, including deployment of 102 kw solar panels, mini-split heat pump units, and a cloud-based management system to control energy use dynamically. This project was in the middle of implementation when COVID-19 restrictions began, with the second half the project expected to be funded by a new capital campaign. The campaign was unable to occur due to the pandemic and financial restraints on project backers. **(Complete)**

Green Bank Partnership

Since 2019, PEDAs have been exploring ways to create a bank-like structure focused on financing clean energy projects, often called a “Green Bank”. The Green Bank would focus on accomplishing the following:

- Create a new specific financial product fitting PEDAs’ Mission.
- Produce opportunities for clean energy market facilitation in Pennsylvania.
- Serve as an opportunity to raise additional 3rd Party capital to leverage to PEDAs’ incentive funds and/or attract additional incentive funds to PEDAs.

Throughout 2020 and 2021, PEDAs staff worked with Pennsylvania Department of Treasury staff to develop a partnership designed to provide attractive financing to projects that support clean and alternative energy sources, non-fossil fuel transportation, and other similar projects. However, the Pennsylvania Department of Treasury eventually decided to not move forward with the initiative.

At its October 5, 2021 meeting, the Board voted to seek a third-party Green Bank administrator through DEP’s Request for Proposals (RFP) process. In February of 2022, an RFP was posted seeking a third-party administrator that could offer a clean energy financing product using PEDAs funds in combination with privately sourced capital.

There were five responses to the RFP, of which three were deemed eligible for evaluation. DEP staff conducted an initial evaluation of all three responses, and then a PEDAs subcommittee evaluated the responses and agreed on a recommended administrator. On May 3, 2022, the PEDAs Board voted to approve the recommended administrator from staff and the subcommittee.

As DEP staff began to finalize the contract with the selected administrator over the summer, it was discovered that DEP’s procurement staff made an error in the initial screening of the five RFP respondents. Upon inspection, it was determined that the entire RFP process needed to restart and the RFP reissued. That process will be conducted over the next fiscal year.

Federal Legislation

The Infrastructure Investment and Jobs Act (IIJA) includes specific funding and opportunities for DEP’s Energy Programs Office (EPO) and PEDAs. While the exact details and timelines are still unfolding, it appears that EPO will directly receive approximately \$46 million, at minimum, over the next five years for clean energy related initiatives from the IIJA. Specifically, these funds can be used for existing or new decarbonization or resilience programs managed by EPO, block grants for local government or nonprofit energy efficiency programs, and funding energy efficiency revolving loan programs. Additionally, there will be other programs and funding available on a competitive basis that PEDAs staff could apply for or partner with other applicants. DEP and PEDAs staff will collaborate on the best way to maximize these opportunities during the upcoming fiscal year.

The Inflation Reduction Act (IRA) includes additional funding, including funds that EPO will directly receive for Home Energy Performance-Based Whole-House rebates and High-efficiency Electric Home rebates. There is also \$7 billion available through the Greenhouse Gas Emission Reduction Fund Program to enable low-income and disadvantaged

communities to deploy or benefit from zero-emission distributed energy resource. PEDAs could be involved in deployment of all these programs once launched.

PEDA 2014 Grant Project Status

In 2014, PEDAs selected 28 clean energy projects, totaling nearly \$12.5 million in financial assistance. Twenty-one PEDAs projects were successfully deployed, of which one project is still under construction. The Hydro Green Energy project is continuing to be worked on after various delays.

Hydro Green Energy (Allegheny County): The project will result in the design and the deployment of a 5.2 MW low environmental impact hydropower facility at the U.S. Army Corps of Engineers (USACE) Braddock Locks and Dam on the Monongahela River.

- Project Status: The project is behind the original period of performance schedule for several reasons, including most recently from impacts related to COVID-19. Mid-way engineering designs have been completed and were submitted to USACE and are now undergoing review. Final drawings and analysis are expected to be completed during the next fiscal year.
- In 2021, an extension was granted. The project completion date is anticipated for March 31, 2024. A new extension date will likely need to be considered.
- Anticipated Energy Generation: 32,263,000 kWh/yr.
- Estimated emissions savings: 13,163 tons of CO₂/yr.

Financial Report

As of June 30, 2022, the Energy Development Fund contained a total of \$2,868,485.16 of available funds. Approximately \$2.25 million was expected to be committed during the 2020-21 fiscal year but will now be committed during the 2022-2023 fiscal year for the Green Bank partnership. Additionally, \$499,919 remains committed as a grant to the Hydro Green project. The fund balance also includes designated administrative funds and revenue from interest on securities. Financial information for the Energy Development Fund is described in the Fund Balance Sheet, attached as Appendix A. The Unreserved Fund Balance Sheet is attached as Appendix B.

Conclusion

PEDA plans to work with the Governor, the legislature, and the private sector to help finance innovative clean energy projects and companies and to promote clean energy in Pennsylvania. In the coming year, PEDAs board and staff look forward to getting a third-party administrator on board to launch a clean energy financing product that leverages public and private capital to accomplish the goals in PEDAs Energy Development Plan. Additionally, staff will seek opportunities for funding and collaboration through the federal government's programs and initiatives.

Appendix A

ENERGY DEVELOPMENT FUND BALANCE SHEET June 30, 2022

ASSETS	
Cash with Treasurer	\$0.00
Cash in Transit	\$ (1,325.07)
Temporary Investments	\$ (2,519,917.22)
Long-term Investments	\$ 5,328,756.67
Loans Receivable	\$0.00
TOTAL ASSETS	\$ 2,807,514.38
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Payroll Payable	\$ 3,151.80
Due to Political Subdivisions	
TOTAL LIABILITIES	\$ 3,151.80
FUND BALANCE	
Reserved for Loans Receivable	\$0.00
Reserved for Encumbrances - Restricted Revenue	\$0.00
Reserved for Encumbrances	\$0.00
Reserved Non-Lapsable Balance	\$74,877.42
Reserved for General Fund Lapse	\$0.00
Reserved - Restricted Revenue	\$0.00
Reserved for General Fund Transfer per Act 44	\$0.00
Unreserved/Undesignated	\$2,729,485.16
TOTAL FUND BALANCE	\$ 2,804,362.58
TOTAL LIABILITIES AND FUND BALANCE	\$2,807,514.38

Appendix B

ENERGY DEVELOPMENT FUND UNRESERVED FUND BALANCE STATEMENT June 30, 2022

UNRESERVED FUND BALANCE, July 1, 2021	\$402,919.34
Reserved for Encumbrances - Restricted Revenue, July 1, 2021	\$0.00
Reserved for Restricted Revenue, July 1, 2021	\$0.00
Reserve for Transfer to General Fund, July 1, 2021	\$0.00
REVENUE	
PEDA Application Fees	\$0.00
Transfer from AFIG	\$0.00
Loan Repayment	\$0.00
Interest Payments	\$0.00
Late Fees	\$0.00
Miscellaneous Revenue	\$0.00
Interest on Securities	\$83,211.20
Duquesne Light Settlement	\$0.00
TOTAL REVENUE	\$83,211.20
Pending Prior Year Lapses	\$2,382,354.62
TOTAL FUNDS AVAILABLE	\$2,868,485.16
DEDUCTIONS:	
Expenditures - Current	\$64,122.58
Reserved for Non-Lapsable Balance	\$74,877.42
Expenditures - Restricted Revenue	\$0.00
Commitments - Current	\$0.00
Commitments - Restricted Revenue	\$0.00
Reserved for Restricted Revenue	\$0.00
General Fund Lapse	\$0.00
Transfer to General Fund per Act 44	\$0.00
Reserved for Loans Receivables	\$0.00
TOTAL DEDUCTIONS	\$139,000.00
UNRESERVED FUND BALANCE, JUNE 30, 2022	\$2,729,485.16