



**pennsylvania**  
DEPARTMENT OF ENVIRONMENTAL PROTECTION



# **Pennsylvania Energy Development Authority Board Meeting**

Tuesday, August 4, 2020



**PEDA**

# Agenda

- I. **Call to Order and Roll Call**
- II. **Approval of September 2019 Meeting Minutes**
- III. **Financial Report**
- IV. **Election of Officers**
- V. **Public Comment**
- VI. **2020 Energy Development Plan**
- VII. **Restart Grant Solicitation**
- VIII. **Green Bank Proposal**
- IX. **Other Business**
- X. **Adjourn**

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# Approval of Meeting Minutes

- Review September 2019 Meeting Minutes
- Questions/Discussion
- Edits
- Approve

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# Financial Report

## Duquesne Light Settlement Funds – \$6 Million

- Expenditures \$6 Million
- Available balance **\$0**

## Growing Greener Fund – \$50 Million

- Expenditures \$48,224,239
- Commitments \$50,000
- Available balance **\$1,715,770**

## Energy Development Funds (PEDA) – \$3,691,825

- Expenditures \$115,918
- Commitments \$499,913
- Available balance **\$2,975,994\***

\*Includes \$574,168 currently being lapsed back into the fund from 19/20 non lapsable balance expenditures

# Financial Report

## Growing Greener Fund

- Available balance - \$1,715,770
- Proposed Spend Plan (7/1/20 – 6/30/21)
  - Grants (\$1,715,770)
- Final Balance \$0.00

# Financial Report

## Energy Development Funds (PEDA)

- Available balance - \$2,975,994
- Proposed Spend Plan (7/1/20 – 6/30/21)
  - Revenue \$90,000
  - Admin/Op. (\$131,000)
  - Grants (\$2,800,000)
- Final Balance \$134,994



# Approval of Financial Report

- 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\*

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

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# PEDA Energy Development Plan

- PEDA statute requires that an Energy Development Plan be published as well as 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.

# PEDA Energy Development Plan

- Energy Development Plan had been refreshed
  - Introduction
  - Mission (slight wording change)
  - Pennsylvania's Energy Portfolio
  - Added an Energy and Environmental Nexus section
  - Updated Pennsylvania's Alternative and Clean Energy Programs, Policies and Actions

# PEDA Energy Development Plan

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



# PEDA Energy Development Plan

- Review of Plan
  - The board suggested additional changes the plan as detailed in September 2019 meeting minutes.
- Since September
  - Draft Energy Development Plan was posted for a 60 day public comment period.
  - Department received comments on the Plan from 10 commenters, including individuals, corporations and organizations
  - All comments were considered.
  - Comment/Response document was developed.

# PEDA Energy Development Plan

- Changes resultant of the comments
  - Added [propane](#) to “Defining Clean, Advanced Energy” (page 4, comment #11)
  - Added [economy wide](#) to “Pennsylvania’s Energy and Environmental Nexus” (page 5, comment #14)
  - Added [job retention](#) to the 6<sup>th</sup> bullet for “Deployment Projects” (page 11, comment #25)
  - Added [health](#) to the 3<sup>rd</sup> bullet for Deployment Projects and the 3<sup>rd</sup> bullet for Research Projects (page 11, comment #2)

# PEDA Energy Development Plan

- Questions/Discussion
- Next steps:
  - Board votes to approve the Energy Development Plan
  - DEP to publish the Energy Development Plan
  - DEP to post the Energy Development Plan to the PEDA website.

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# Restart Grant Solicitation

- 2019 PEDDA Board Meeting Outcomes:
  - PEDDA has two funds with available funding.
  - Direction provided to PEDDA staff to follow on with opportunities for the board to make decisions about eligible uses of those funds due to their individual attributes.

# Restart Grant Solicitation

- Offering Assistance to Energy Projects to Restart/Recover from COVID-19:
  - Maximum \$2 Million
    - \$1.7M Growing Greener Fund
    - \$300K Energy Development Fund
  - Max \$250,000 per grant award. (Match 1:1 ratio)
  - Eligible projects initiated or planned to begin but then disrupted.
  - Clean, advanced energy projects, as well as businesses conducting manufacturing or production operations in Pennsylvania
  - Funding is for equipment costs only.

# Restart Grant Solicitation

- How Funding can be Utilized:
  - Grant awards may be applied retroactively only towards the costs of eligible equipment procured and delivered between January 1, 2019 and the date of grant application submission, thus allowing funds to flow into putting workers back to work and finishing the project.
  - Grant awards may also be applied as up-to 100% working capital for equipment costs only to complete existing projects or begin projects which were planned prior to the Emergency Declaration resultant of COVID-19 but not yet started.

# Restart Grant Solicitation

- Additional Requirements:
  - Grantees will be required to purchase a surety bond in the amount of the grant award and matching funds as a condition of receipt of the grant funds
  - PEDA funds cannot be used to purchase the surety bond.
  - Project must be completed (grant funds and matching funds) within 24 months of grant award.
  - Applicants shall demonstrate how award will:
    - Increase ability to make immediate equipment payments to restart the supply chain.
    - Result in the re-hire of workers or hiring of additional workers to complete the project quickly.
    - Overcome lost revenue due to market stagnation.



# Restart Grant Solicitation

- Questions/Discussion
- Next Steps:
  - Approval of PEDA Board
  - Announce solicitation
  - Receive electronic applications (45 days).
  - Review applications
  - Board meeting to vote on awards
  - Execute grant agreements
  - Disburse funds

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# Green Bank

- PEDA Board Meeting 2019 :
  - 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 products.
    2. Produce opportunities for market facilitation.
    3. Raise additional 3<sup>rd</sup> Party capital to leverage to PEDA incentive funds for Clean and Advanced Energy Projects as described in Energy Development Plan

# Green Bank

- 2019 PEDDA Board Meeting Outcomes:
  - PEDDA should look to have a position in governance and structuring of a Green Bank program that matches PEDDA's mission, objectives, principles and criteria for investments.
  - A Green Bank structure may be a strategic way to leverage the limited dollars available to move the market.

# Green Bank

- Progress Since 2019 Meeting:
  - DEP/Treasury – Development of a Green Bank MOU
  - Treasury - Development of a funding proposal
    - Funding proposal submitted to PEDA - Keystone Green Bank partnership (KG)
    - Proposal requests a \$2.5M grant to match with PA Treasury Funds. The combined funds would be used as an incentive to start a PA Green Bank (KG) and deploy clean energy projects through low interest loans.
  - Treasury - Development of a draft request for proposals (RFP) for a 3<sup>rd</sup> Party Green Bank Manager

- Proposal Evaluation:
  - PEDA's Mission
    - KG aligns with PEDA's mission by providing attractive financing to support energy projects that improve public health and the environment and the economy
  - Definition of Clean, Advanced Energy
    - Increase energy efficiency to reduce energy demand, and use, in the Commonwealth
    - Increase the amount of sustainable energy produced in the Commonwealth, and the infrastructure necessary to facilitate its use
    - Develop significant technologies necessary for these advances

- **Criteria Evaluation:**
  - Potential to expand the market for Pennsylvania's indigenous energy resources
    - KG is dedicated to transforming the clean energy investment market in the Commonwealth
  - Potential to enhance Pennsylvania's energy independence and energy security
    - By funding projects that reduce the consumption of fossil fuels and the emission of greenhouse gases in Pennsylvania, KG enhances energy independence

- **Criteria Evaluation:**
  - Ability to demonstrate significant environmental and health benefits, including mitigation of greenhouse gas emissions
    - KG is “dedicated to supporting the implementation of Clean and Alternative Energy Projects that are innovative and/or likely to result in significant impacts in reducing the consumption of fossil fuels and the emission of greenhouse gases in Pennsylvania.”
  - Potential to promote energy efficiency or to increase energy production from alternative and renewable energy sources
    - The KG will support alternative and renewable energy projects.



- **Criteria Evaluation:**
  - Support for a new business or venture engaging in the demonstration of new applications of next phase clean advanced energy technology deployment with potential for wide scale applicability in the state
    - KG will bring investment experience and attractive financing products to support implementation of innovative technology, clean energy generation, and environmental advances, all to the benefit of the health of Pennsylvanians and the economy of Pennsylvania

- **Criteria Evaluation:**
  - Potential economic benefits for the state, which may be in the form of job creation, job retention, future growth potential, new investment, savings to consumers and/or revenue generation for other beneficiaries such as agricultural businesses, local governments, or other landowners
    - KG will “stimulate economic growth in core next generation industries, provide expanded opportunities for Pennsylvania workers and trades men and women to earn living wages, and help businesses control expenses and – in many instances – pursue capital projects that are able to pay some or all of their costs from energy savings. This burst of activity will, in turn, generate revenue for local and state governments.”

- **Criteria Evaluation:**
  - Technical feasibility and cost-effectiveness of the project;
    - PA Treasury and DEP worked together in the past to create the Keystone HELP (Home Energy Loan Program), one of the most successful in the country, ultimately lending approximately \$112 million across some 14,000 residential loans in Pennsylvania, with an annual loss rate of less than 1%.
    - PEDA investment of \$2.5 Million to leverage 10 million from Treasury and a minimum 100K from the third Party. Expect competition for additional capital contributions through RFP process.

- **Summary**

- KG aligns with the PEDDA mission; offers a unique opportunity to greatly expand deployment of clean advanced energy in Pennsylvania by providing attractive financing to projects that fit the PEDDA definition of clean advanced energy;
- PEDDA funding will be significantly leveraged well beyond what could be achieved via funding or financing individual projects with limited PEDDA funding available

- **Recommendation**

- Approve award of funding to Treasury to enable release of the RFP, and work through the grant agreement conditions and governance committee to establish KG which then develop alternative energy financial incentive programs resulting in energy development projects meeting PEDDA's mission.

# Green Bank

- Questions/Discussion of Funding Proposal
- Next Steps

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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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