

# The Pennsylvania Energy Development Authority

Annual Report 2022-2023



Josh Shapiro, Governor

Jessica Shirley, Interim Acting Secretary of Environmental Protection & Chair of the Board

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## Officers

**Jessica Shirley**

Interim Acting Secretary of Environmental Protection  
Chair  
Ex-Officio

**Hon. Frederick C. Siger**

Secretary of Community & Economic Development  
Secretary  
Ex-Officio

**Romulo L. Diaz, Jr.**

Treasurer  
Appointed

## Board of Directors

**Hon. Patrick M. Cicero**

Consumer Advocate  
Ex-Officio

**Hon. Stephen M. DeFrank**

Chair, Public Utility Commission  
Ex-Officio

**Hon. Russell C. Redding**

Secretary of Agriculture  
Ex-Officio

**Hon. Wendy S. Spicher**

Secretary of Banking & Securities  
Ex-Officio

**Hon. Gene Yaw**

Pennsylvania Senate

**Hon. Carolyn T. Comitta**

Pennsylvania Senate

**Hon. Joshua D. Kail**

Pennsylvania House of Representatives

**Hon. Elizabeth Fiedler**

Pennsylvania House of Representatives

**Laureen M. Boles**

Appointed

**Virginia L. Brown**

Appointed

**Sarah Hetznecker**

Appointed

**Bernie Lynch**

Appointed

**Vacant**

Appointed

**Vacant**

Appointed

**Vacant**

Appointed

**Vacant**

Appointed

## **Staff**

### **Geoff Bristow**

Acting Executive Director

### **Alayna Schneider**

Energy Program Specialist

PEDA Assistant Treasurer

### **Laura Rigge**

PEDA Assistant Secretary

## **Introduction**

This annual report covers the operations of the Pennsylvania Energy Development Authority (PEDA or Authority) for the period July 1, 2022 to June 30, 2023. Significant activities include the progress of the \$1.7 million for 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 Act 280 of 1982, as amended, codified at 71 P.S. § 720.1 *et seq.* PEDA is a public corporation and governmental instrumentality exercising public powers of the Commonwealth. It is governed by a board of directors and managed by an executive director and staff. Based on Act 280 and Executive Order No. 2004-5 (April 8, 2004), DEP provides administrative support to PEDA. Act 280 also requires PEDA to submit an annual report of its activities for the preceding fiscal year to the Governor and the General Assembly.

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 2022-23 Fiscal Year**

The PEDA Board did not convene during the 2022-23 fiscal year due to setbacks in the Green Bank administrator procurement process. However, two new staff members were hired to assist with PEDA activities, such as facilitating the re-post of the request for proposals (RFP) seeking a third-party administrator that will be tasked with developing the first financing products to be offered under the PEDA Green Bank, evaluating and applying for new federal programs for potential Green Bank funds, and managing the financial products and programs anticipated under the Green Bank.

### ***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 had been 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; and the implementation of energy-efficiency/demand-side projects.

The PEDA board of directors 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. DEP staff reviewed and scored each application, submitting eleven projects to the PEDA 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 eleven projects at the November 2020 board meeting, and DEP staff distributed all funds by June 2021. As of June 2023, the construction of all eleven projects has been completed.

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

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-per-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 the spring of 2020, but it lost a key financing partner that could no longer support the project due to COVID-19. The city was able to leverage the PEDA grant to attract additional grant funding from Green Mountain Energy that enabled significant upsizing of the solar array with the addition of battery storage. As a result, the City of Erie installed a solar-powered microgrid system at the Central Fire Station, enabling this emergency facility to operate key building and communication systems for up to 10 days in the event of a power failure, significantly improving the City's energy resilience. This is the first fire station in Pennsylvania with an operating microgrid powered by solar energy. **(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 PEDA. **(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 and some permitting, but all project progress was halted due to stay-at-home orders. **(Complete)**

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<sup>1</sup> [www.ahs.dep.pa.gov/NewsRoomPublic/articleviewer.aspx?id=21891&typeid=1](http://www.ahs.dep.pa.gov/NewsRoomPublic/articleviewer.aspx?id=21891&typeid=1)

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 the 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 (McKean/Potter Counties): \$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 of 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***

Since 2019, PEDAs has been exploring opportunities 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 and offer new clean energy financial products fitting PEDAs mission.
- Produce opportunities for clean energy market facilitation in Pennsylvania.
- Serve as an opportunity to raise additional third-party capital to leverage PEDAs incentive funds and/or attract additional incentive funds to PEDAs.

Throughout 2020 and 2021, PEDAs staff worked with Pennsylvania Treasury Department 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 Treasury ultimately decided to not move forward with the initiative.

At its October 5, 2021 meeting, the PEDAs board voted to seek a third-party Green Bank administrator through the Commonwealth's Request for Proposal (RFP) process. The board of directors also approved the use of up to approximately \$1.75 million from the Energy Development Fund to support the administrator for up to three years and to provide capital for the first financing product to be developed and offered under the Green Bank.

The RFP seeking proposals for a Green Bank administrator was posted on February 3, 2023 and closed on March 15, 2023. There were four responses, of which all four were deemed eligible for evaluation. DEP staff and the Director of Commonwealth Financing Authority Programs for the Pennsylvania Department of Community and Economic Development performed the initial evaluation of the four responses before a PEDAs subcommittee evaluated the responses. All parties agreed on a recommended administrator.

This selection was presented to the board on July 6, 2023. The board concurred with the evaluators' selection and voted in favor of continuing the procurement process for the selected administrator. In the next fiscal year, we expect to execute the administrator contract and launch the first financing product under the Green Bank. PEDAs and DEP are also considering utilizing the Green Bank to administer some of the new programs expected from federal legislation outlined in the next section.

### ***Federal Legislation***

The Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law, has been launching new programs over the past year, creating new federal funding opportunities for clean energy-related initiatives for PEDAs. In particular, PEDAs staff submitted applications to the U.S. Dept. of Energy seeking funds under the State Energy Formula Grant Program, the Energy Efficiency Revolving Loan Fund (RLF), and the Energy Efficiency Conservation and Block Grant (EECBG). Successful award of funds under these programs would enable PEDAs to offer additional financial incentives and financing products, potentially leveraging third party capital, for efficiency and clean energy projects within the municipal and other sectors. It is expected that these new funding sources and potential financing products will be further refined and developed in the 2023-24 fiscal year.

The Inflation Reduction Act of 2022 created the Greenhouse Gas Reduction Fund (GGRF), a historic federal investment to address the related issues of climate change, energy independence, energy costs, economic competitiveness, economic development, and environmental justice. The U.S. Environmental Protection Agency (EPA) is implementing the GGRF through grant competitions for three programs: the \$14 billion National Clean Investment Fund (NCIF), the \$6 billion Clean Communities Investment Accelerator (CCIA), and the \$7 billion Solar for All (SFA).

The Notice of Funding Opportunity for the \$7 billion Solar for All competition for states, territories, Tribal governments, municipalities, and non-profits was published by EPA just at the end of the 2022-23 fiscal year on June 28, 2023. PEDAs submitted to EPA a Notice of Intent to submit a \$400 million SFA grant application as the lead applicant of a two-member coalition that includes the Philadelphia Green Capital Corporation (PGCC), the non-profit green bank affiliate of the Philadelphia Energy Authority. PEDAs staff will work with PGCC in the 2023-24 fiscal year to complete that application process and begin program



development for a statewide Solar for All program intended to provide residential solar technology and enabling building upgrades to more than 30,000 households in low-income and disadvantaged communities throughout Pennsylvania. PEDA may also serve as a non-lead coalition member and/or subrecipient for awards under the NCIF and CCIA competitions. Those funds would be used to finance clean technology projects in Pennsylvania, also with an emphasis on serving low-income and disadvantaged communities. There is potential overlap across the three GGRF programs. EPA will announce the award recipients in 2024.

## **PEDA 2014 Grant Project Status**

In 2014, PEDA selected 28 clean energy projects, totaling nearly \$12.5 million in financial assistance. Twenty-one PEDA 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: Sixty percent of the engineering designs have been completed and were submitted to USACE. They are now undergoing review. Final drawings and analysis are expected to be completed during the next fiscal year.
- In 2022, an extension was granted. The project completion date is anticipated for April 30, 2026. A new extension date will need to be considered on an annual basis until this target is met.
- Anticipated Energy Generation: 32,263,000 kWh/yr.
- Estimated emissions savings: 13,163 tons of CO<sub>2</sub>/yr.

## **Financial Report**

As of June 30, 2023, the Energy Development Fund contained a total of \$2,887,226.38 of available funds. Approximately \$1.75 million was initially expected to be committed during the 2020-21 fiscal year but will now be committed during the 2023-2024 fiscal year for the Green Bank. Additionally, \$499,913 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 General Assembly, and other stakeholders to help finance innovative clean energy projects and companies and to promote clean energy in Pennsylvania. In the coming year, PEDA's board and staff look forward to completing the process to bring the third-party administrator on board to launch a clean energy financing product that leverages public and private capital to accomplish the goals in PEDA's Energy Development Plan. Additionally, staff will continue to seek new federal programs for funding and collaboration opportunities as well as evaluate current programs and initiatives which align with PEDA's mission.



**Appendix A**  
**ENERGY DEVELOPMENT FUND**  
**BALANCE SHEET**  
June 30, 2023

<b>ASSETS</b>	
Cash with Treasurer	\$0.00
Cash in Transit	\$0.00
Temporary Investments	\$(2,489,129.11)
Long-term Investments	\$5,328,756.67
Loans Receivable	\$0.00
<b>TOTAL ASSETS</b>	<b>\$2,839,627.56</b>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Payroll Payable	\$0.00
Invoices/Accounts Payable	\$0.00
Due to Political Subdivisions	\$0.00
<b>TOTAL LIABILITIES</b>	<b>\$0.00</b>
<b>FUND BALANCE</b>	
Reserved for Loans Receivable	\$0.00
Reserved for Encumbrances - Restricted Revenue	\$0.00
Reserved for Encumbrances	\$499,913.00
Reserved Non-Lapsable Balance	\$1,857,488.18
Reserved for General Fund Lapse	\$0.00
Reserved - Restricted Revenue	\$0.00
Reserved for General Fund Transfer per Act 44	\$0.00
Unreserved/Undesignated	\$482,226.38
<b>TOTAL FUND BALANCE</b>	<b>\$2,839,627.56</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$2,839,627.56</b>

## Appendix B

### ENERGY DEVELOPMENT FUND UNRESERVED FUND BALANCE STATEMENT June 30, 2023

<b>UNRESERVED FUND BALANCE, July 1, 2022</b>	<b>\$2,729,485.16</b>
Reserved for Encumbrances - Restricted Revenue, July 1, 2022	\$0.00
Reserved for Restricted Revenue, July 1, 2022	\$0.00
Reserve for Transfer to General Fund, July 1, 2022	\$0.00
<b>REVENUE</b>	
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	\$90,976.48
Duquesne Light Settlement	\$0.00
<b>TOTAL REVENUE</b>	<b>\$90,976.48</b>
Pending Prior Year Lapses	\$66,764.74
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$2,887,226.38</b>
<b>DEDUCTIONS:</b>	
Expenditures - Current	\$47,598.82
Reserved for Non-Lapsable Balance	\$1,857,488.18
Expenditures - Restricted Revenue	\$0.00
Commitments - Current	\$499,913.00
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
<b>TOTAL DEDUCTIONS</b>	<b>\$2,405,000.00</b>
<b>UNRESERVED FUND BALANCE, JUNE 30, 2023</b>	<b>\$482,226.38</b>