



# Update

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**April 2009**

## **Special Edition on Clean Energy Funding**

Pennsylvania is entering a time of tremendous opportunity for clean energy development. The state is currently in the process of deploying the \$650 million Alternative Energy Investment Fund to help consumers conserve electricity and spur the development of clean energy resources to create good, green jobs. In early 2010, utilities across the state will also begin offering energy efficiency and demand side resource programs to all electric customers, helping them save money on their electricity bills while creating a billion dollar market in the state. And recently, the American Recovery and Reinvestment Act became law, injecting millions of dollars into the state's clean energy markets.

This funding represents huge opportunities, but it is no small task to track and leverage these funds. *Green Power Update* is here to help with summaries of each new funding stream.

### **American Recovery and Reinvestment Act**

On February 17, President Obama signed the American Recovery and Reinvestment Act (ARRA) into law, infusing the economy with \$787 billion. Pennsylvania is slated to receive \$16 billion in federal funds, with a portion of that dedicated to the clean energy sector. An overview of Pennsylvania allocations can be found at: <http://www.recovery.pa.gov>.

While the full details of when and how these funds will be distributed are still in the works, several important things are clear. Since the funds must be dispersed as quickly as possible to shovel-ready projects, funding will most likely be distributed through existing state programs. Following are summaries for each of the clean energy funding pots.

### **State Energy Plan (SEP) funds**

Pennsylvania will be receiving \$99.6 million in funding intended for renewable, clean energy and conservation projects, 10 percent of which has already been awarded. The state will receive an additional 40 percent of the funds when the federal government approves its plan for grant allocation. The state has already taken the first step in this process by filing its initial funding application to the federal government, providing a detailed list of planned activities. The next

step will be a comprehensive funding application due on May 12, 2009. Another 40 percent will be released after half the funding has been distributed to projects. The remaining 10 percent will be awarded after the state demonstrates continued progress in dispersing funds and adhering to reporting requirements.

#### PEDA SEP funds available now!

The SEP funds will be administered by the Pennsylvania Department of Environmental Protection (DEP) through the existing Pennsylvania Energy Development Authority (PEDA) and Energy Harvest grant programs.

In early April, the state reopened the PEDA grant program thanks to an infusion of \$10 million from the federal SEP funds. This round, PEDA will have a total of \$21 million available including SEP funds and an additional \$9 million in state funds. Another \$2 million is available to municipalities, local government authorities, and first responders in the Duquesne Light electric service territory to help customers in the area cope with higher energy costs.

PEDA will be accepting applications until May 29, 2009. Grants are open to corporations, non-profits, colleges and universities and any municipality or public entity. Grants of up to \$1.5 million are available for projects including wind, low-impact hydropower, geothermal, biologically-derived methane gas and demand management measures. Grants are also available for commercial solar projects over 200 kW.

Preference will be given to projects that have matching funds, can demonstrate revitalization or redevelopment of brownfields or the expansion of businesses and job growth. Additionally, since the money comes in part from the ARRA, projects must begin within 120 days of the grant agreement and be completed within 18 months.

To apply for a PEDA grant, [click here](#).

It is expected that additional funds may be injected into the Energy Harvest grant program in the near future. To make sure you don't miss out on future Energy Harvest grant solicitations you can sign up for notifications by [clicking here](#).

### **Energy Efficiency and Conservation Block Grants**

The federal government will have \$2.8 billion in funding available for Energy Efficiency and Conservation Block Grants, and another \$400 million in competitive grants for energy efficiency nationwide. The main purpose for this funding is to assist local governments in reducing fossil fuel emissions, reducing total energy use and improving energy efficiency.

In total, Pennsylvania will receive \$102.5 million in block grants. The funds will be allocated to municipalities, counties and cities based on size. The Department of Energy (DOE) has an [Excel spreadsheet](#) detailing the funding allocations to the 28 cities and 14 counties in Pennsylvania eligible for these funds. The largest pots of money include \$23.5 million allocated to the State Energy Office, of which at least 60 percent must go to units of local government otherwise ineligible for the direct Department of Energy (DOE) funding; \$14 million to Philadelphia; \$3.4

million to Pittsburgh; \$8 million to Allegheny County; and \$6.2 million to Montgomery County. Refer to the spreadsheet for a complete listing.

Under Act 129 (Pennsylvania's energy savings program, passed in late 2008), utilities must create energy efficiency and demand side response programs in their service territories, and they must ensure that 10 percent of their total required electricity savings come from "federal, state and local government, including municipalities, school districts, institutions of higher education and nonprofit entities." Seeing the connection between federal funds and the Act 129 requirements, Public Utility Commission (PUC) Vice Chairman Tyrone J. Christy and Commissioner Wayne E. Gardner issued a [joint motion](#) in March, urging utilities to seek out federal funds to assist in providing benefits to electricity consumers.

On Tuesday, April 28, DEP will host an Internet-based information session for local governments on this funding. Anyone interested in participating should visit [www.palocalgovtraining.org](http://www.palocalgovtraining.org) and review the course calendar for a webinar location in their area.

For more information on the Web-based instruction seminars for local governments, contact DEP's Office of Community Revitalization and Local Government Support at 717-783-1566, or visit [www.recovery.pa.gov](http://www.recovery.pa.gov).

### **Weatherization Assistance Program (WAP)**

The ARRA will provide \$5 billion over two years for weatherization of low-income family homes, through the Weatherization Assistance Program (WAP) - a temporary five-fold increase in funding for this existing program currently administered by the states. The ARRA not only increases the level of funding per home from \$2,500 to \$6,500, it also raises the eligible income level from 150 percent to 200 percent of the federal poverty level.

Pennsylvania will receive \$258 million in funds under the WAP to be administered through the Department of Community and Economic Development's (DCED) existing [weatherization program](#).

In addition to the DCED program, utilities must target low-income customers as part of their Act 129 requirements. Utilities also administer the federal Low Income Usage Reduction Program (LIURP) to install weatherization measures at qualifying households. If contractors undertaking weatherization projects take a more holistic approach on the job, there is tremendous opportunity to create even more energy savings for low-income customers when these funds are combined.

### **Additional funding opportunities**

Following is a summary of additional funding opportunities made available from the ARRA. For further detail on any of these programs visit: <http://www.recovery.gov>

#### **Pennsylvania specific funding:**

1. Wastewater: \$223 million to PENNVEST for drinking water and wastewater system improvement; 20 percent must go towards green infrastructure, water or energy efficiency improvements.

2. Green jobs: Approximately \$10 million to the Department of Labor and Industry for green jobs training.

### **Nationwide funding:**

1. Innovative Technology Loan Guarantees: \$6 billion in loan guarantees for renewables, electric transmission, pollution reduction, etc.
2. Smart Grid Investment Program: \$4.5 billion for research and development and pilot projects.
3. Energy Efficiency and Renewable Energy Research Development Demonstration and Deployment: \$2 billion for energy efficiency and renewable energy research including, \$800 million for biomass projects and \$400 million for geothermal projects.
4. Advanced battery loans and grants: \$2 billion in grants for the manufacturing of advanced batteries and components.
5. Modernization of Schools and Higher Education Facilities: \$9.75 billion will be available for governors to modernize, renovate and repair school buildings and public higher education institutions in ways that are consistent with a recognized green building rating system. Additionally, ARRA establishes a new kind of tax credit bond that may be issued by states and local governments for the construction, rehabilitation, or repair of a public school facility.
6. Energy Efficient Appliance Rebate Programs: \$300 million will be available to states that can redirect funds to existing utility rebate programs for residential Energy Star products. The funding can cover 100 percent of the rebate cost, but only 50 percent of the administrative cost associated with the program.

### **Tax provisions**

The ARRA amends several clean energy tax credits and incentives to spur further development in the marketplace. To see all of these tax provisions please visit the [DSIRE federal incentive webpage](#).

### **Personal tax credits**

1. Residential Energy Efficiency Tax Credit: The ARRA triples tax credits available to homeowners for residential energy-efficient improvements from 10 percent to 30 percent of the cost, up to \$1,500 per household. This credit has been extended through 2010.
2. Residential Renewable Energy Tax Credit: Thirty percent tax credit (with no cap) on the installation of solar hot water heaters, photovoltaics, small wind, fuel cells, geothermal heat pumps and other solar electric technologies. *Please note* that this tax credit can be combined with the state solar rebate program that will soon be deployed. The rebates from the state will be considered taxable income – the DEP will be sending out form 1099's for the rebates. Because the rebate is taxable, a homeowner can take the credit on the full price of the solar system (without subtracting the rebate amount).

## **Corporate tax credits**

1. **Renewable Electricity Production Tax Credit (PTC) and Business Energy Investment Tax Credit (ITC):** The ARRA allows taxpayers eligible for the PTC to take the federal business energy investment tax credit (ITC) or to receive a grant from the U.S. Treasury Department instead of taking the PTC for new installations. The new law also allows taxpayers eligible for the business ITC to receive a grant from the U.S. Treasury Department instead of taking the business ITC for new installations. It also extends the ITC for combined heat and power systems through 2016. These new provisions will provide funds to renewable energy companies that do not have enough tax liability to take the tax credit due to current market conditions, helping to keep the market moving forward.
2. **Energy Efficient Commercial Buildings Tax Deduction:** The ARRA extends this tax deduction of \$1.80 per square foot for energy efficiency improvements to the end of 2013.
3. **Energy-Efficient New Homes Tax Credit for Home Builders:** The ARRA creates a one-year extension of the new energy-efficient home tax credit, to the end of 2009 - up to \$2,000 for builders.

## **New state funding opportunities**

### **New residential energy efficiency funding available**

Thanks to funding from the \$650 million Alternative Energy Investment Fund, the Department of Environmental Protection (DEP) is injecting \$3.5 million into the existing Keystone HELP program to reduce the interest rates on low-interest loans for energy efficiency improvements to homes, including the installation of energy-efficient heating and air conditioning systems, geothermal systems, insulation and air sealing, and more. The Treasury Department and the Pennsylvania Housing Finance Agency will also provide almost \$16 million in capital for these loans.

The DEP is also providing \$1 million for a new rebate program to cover up to \$250 (or 10 percent) of the cost of ENERGY STAR qualified improvements and up to \$500 (or 10 percent) if improvements go beyond ENERGY STAR.

Applications and program guidelines are available at [www.keystonehelp.com](http://www.keystonehelp.com). The deadline for applications is June 30, 2009. For more information, please contact [residentialenergy@state.pa.us](mailto:residentialenergy@state.pa.us).

### **CFA solar program now open**

In April, the Commonwealth Financing Authority (CFA) released guidelines for its new \$80 million solar energy program made possible by the \$650 million Alternative Energy Investment Fund. Businesses, economic development organizations and political subdivisions including municipalities, counties and school districts can apply for either a grant or loan to promote the use of solar energy and the manufacturing or assembly of solar equipment. Eligible projects include those that generate, distribute or store solar energy (including solar electric and solar thermal); or facilities that manufacture or assemble solar panels or other solar equipment. Developing or building facilities for research and development purposes also are eligible.

Under the CFA guidelines, loans are available for a maximum of \$35,000 to a manufacturer of solar equipment for every new job projected to be created by the business within three years. The maximum loan amount for a solar energy generation or distribution project is the lesser of either \$5 million or \$2.25 per watt. Lastly there is a maximum loan of \$5 million for a solar research and development facility or a solar thermal project.

Grants are also available through the program, which offers \$5,000 for a manufacturer of solar equipment for every new job projected to be created by the business within three years. The maximum grant amount for a solar energy generation or distribution project is the lesser of either \$1 million or \$2.25 per watt. There is a maximum grant of \$1 million for a solar research and development facility or a solar thermal project.

Projects will be ranked on a number of criteria including the level of matching funds brought to the table (there is minimum of a one-to-one match requirement), the technical and financial feasibility of the project and the number and quality of the jobs to be created or preserved in Pennsylvania.

The full guidelines and application instructions can be found by [clicking here](#).

### **Residential and small-business solar rebates almost ready**

On April 13, the Commonwealth Financing Authority board voted unanimously to borrow \$30 million through the bond market to begin funding the Pennsylvania Sunshine Program. In total the Sunshine Program will offer \$100 million in rebates to consumers for up to 35 percent of the purchase and installation price of solar photovoltaic systems in their residences or small businesses.

The Pennsylvania DEP, which will administer the program, is expecting to have rebate applications available within two weeks (at the time of this writing). To make sure you are one of the first to be notified, sign up at the following DEP website:  
<http://www.ahs2.dep.state.pa.us/aeifsignup/>.

In the meantime, the DEP is urging solar installation contractors in Pennsylvania to register for the program now so that installations can begin once the program opens. Contractors who are interested in installing photovoltaic and/or solar thermal (hot water) systems as part of the Pennsylvania Sunshine Program must be certified by the DEP. Instructions and further detail can be found by [clicking here](#).

Contractors should take advantage of current training programs. PA Home Energy is offering solar hot water training, June 3-5 from 9:00 a.m. to 5:00 p.m. at the Penn State Conference Center in State College, taught by Solar Energy International. Registration is now open to the general public; registration information is available at <http://www.pahomeenergy.com/news.html>. Cost for service providers and trainees is \$100 and cost for general public is \$650. This workshop has been approved for 19.5 NABCEP training hours, towards the educational requirement for NABCEP Solar Thermal Certification.

## **New green building funds available**

The Commonwealth Financing Authority (CFA) just released guidelines for a \$25 million High Performance Building program. The program offers grants and loans to anyone building or renovating a primary residence and to businesses with 100 or fewer full-time employees that renovate buildings meeting the CFA's guidelines for overall sustainability.

Applicants can apply for either a loan or a grant, but not both. Loans of up to \$2 million are available for small businesses and \$100,000 to individual residential projects. Grants of up to \$500,000 or 10 percent of the total eligible costs are also available.

Funds can be used for most aspects of green building construction and renovation including: land acquisition, buildings, rights-of-way or easements needed to build the project; clearing land; planning, designing, modeling or consulting services; registering and certifying the project with the U.S. Green Building Council; or for construction and renovation.

Projects will be judged on several criteria including: the level of matching funds available for the project (a minimum of one-to-one matching funds is required); the number and quality of jobs to be created (small business applicants only); financial need; and project readiness.

The list of criteria for standards to meet high performance as well as the application guidelines can be downloaded by [clicking here](#).

## **Small Business Energy Efficiency Grant Program closes May 1**

As of April 8, nearly \$1.5 million of grant funding was still available for the Small Business Energy Efficiency Grant Program according to the DEP. Grants are available to for-profit businesses with 100 employees or less that want to improve their energy efficiency. Small businesses that qualify will be eligible for a 25 percent match, up to \$25,000, for equipment or processes that improve energy efficiency and generate savings of at least 20 percent annually, with a minimum savings of \$1,000 per year. Examples of eligible improvements include: lighting, heating, cooling, refrigeration and process machinery, and building insulation and weatherization improvement projects.

The deadline of May 1, 2009 is fast approaching! The grant application and guidelines are available by [clicking here](#), or by contacting the Department of Environmental Protection, Office of Energy and Technology Deployment, 15th Floor, Rachel Carson State Office Building, 400 Market Street, P. O. Box 8772, Harrisburg, PA 17105; or by e-mail at [ra-sbgrants@state.pa.us](mailto:ra-sbgrants@state.pa.us).

## **New utility funding for energy efficiency and demand side programs**

In March, the Public Utility Commission voted 5-0 to approve the energy consumption and peak reduction goals submitted by utilities as part of the Act 129 requirements. The official statewide reduction targets are 1.5 million MWh by May 31, 2011, and 4.4 million MWh by May 31, 2013. The official peak demand reductions are 1,193 MW by May 31, 2013. To see what reductions are required by your utility [click here](#). Utilities are permitted to spend up to two percent of their annual 2006 revenue each year to meet these reduction targets. Across all utilities that adds up to approximately \$250 million per year in new funding for energy efficiency and conservation programs for customers.

Utilities are continuing to move ahead in the development of the energy efficiency and demand side resource programs they plan to offer to customers. PennFuture is participating in all utility-hosted stakeholder meetings to provide feedback on plan development. Some of the programs utilities are considering include:

- **Residential:** lighting; low-income energy audits (direct installations, weatherization, whole house approach); new construction; equipment rebates (AC, appliances); and appliance recycling/pick-up (refrigerator, freezer, AC).
- **Commercial/Industrial:** prescriptive rebates (cooling, lighting, motors); custom incentives; new construction; HVAC tune-up; retro-commissioning; and retrofitting government/public facilities.
- **Demand Response:** direct load control, real-time/critical peak pricing.

These meetings provide for stakeholder input as plans are developed in an effort to create consensus about the substance of the utility programs. Utilities must submit their plans in July 2009. A relatively short public comment period will follow. These programs could get underway in late 2009, resulting in faster customer participation and savings.

### **PGW gas conservation programs available**

In March, PGW, the nation's largest municipally-owned natural gas utility serving more than a half million customers in the City of Philadelphia, filed a five-year energy efficiency program plan with the Public Utility Commission.

If the plan is approved, PGW will launch a \$54 million portfolio of seven programs to help 85,000 PGW residential and business customers become more energy efficient. According to PGW the portfolio will save \$104 million over the life of the programs and reduce 1.25 million tons of carbon dioxide, the equivalent of taking 200,000 cars off Philadelphia's streets.

In addition to expanding upon their existing low-income programs, the seven new programs include: residential weatherization that will be combined with PECO's Act 129 programs to allow customers to also upgrade their electric lighting and appliances; residential gas appliances and heating system upgrades; commercial and industrial gas equipment upgrades; City of Philadelphia facility weatherization; high efficiency construction; residential and commercial construction; and commercial and industrial weatherization.

PGW estimates that its average residential customer will pay about \$5.64 a year for five years to support the programs. However, after six years all customers will see savings from PGW's reduced costs and customers that participate in the programs will realize direct savings even sooner. More information is available at [www.pgworks.com](http://www.pgworks.com).

Though natural gas conservation programs are not currently required in Pennsylvania as electricity savings programs are (through Act 129), electric utilities are reaching out to gas utilities within their service territories to explore opportunities to combine electricity conservation programs with gas programs to provide even bigger savings to consumers.

## **Wind and geothermal funding available**

The Commonwealth Financing Authority (CFA) is offering \$25 million from the Alternative Energy Investment Act for grants or loans for geothermal projects, wind projects and wind turbine manufacturing facilities. Funding is open to businesses, economic development organizations and political subdivisions including municipalities, counties and school districts. Those eligible can apply for grants and loans for geothermal systems or wind energy generation or distribution projects. Funds can be used for:

- Acquisition of land and buildings, rights-of-way and easements necessary to construct an eligible project;
- The clearing and preparation of the land necessary to construct an eligible project;
- Construction or renovation of a building that will be used to manufacture components of wind or geothermal energy systems;
- The purchase and installation of equipment used for the manufacturing of geothermal or wind energy systems;
- The purchase, installation and construction of energy facilities that generate or distribute geothermal or wind energy;
- Preparation of plans, specifications, studies and surveys necessary or incidental to determining the feasibility or practicability;
- Permit fees; and
- Administrative costs of the applicant to administer a program grant.

More information can be found [at the CFA website](#).

## **Upcoming events**

### **Early bird discount expires Monday, April 27 for 2009 Annual Clean Energy Conference**

Now in its ninth year, PennFuture's Clean Energy Conference has become a key venue for government officials, public interest organizations and the energy industry to network and learn about the most up-to-date clean energy markets and policies in Pennsylvania. This conference sells out early each year, so register now.

Register by Monday, April 27 to receive a discount. [Click here](#) to register online.

Preliminary agenda is now available [online](#).

### **Pre-Conference Solar Workshop and Networking Session**

Wednesday, June 3, 2009

1:00 p.m. to 6:00 p.m.

### **Annual Clean Energy Conference**

Thursday, June 4, 2009

8:30 a.m. to 4:30 p.m.

Both sessions will be held at: Radisson Penn Harris Hotel & Convention Center, 1150 Camp Hill Bypass, Camp Hill, PA 17011.

## Upcoming Smart Energy Initiative trainings

The [Smart Energy Initiative](#) of Southeastern Pennsylvania (SEI), chaired by PennFuture's own Tom Tuffey and expertly managed by the Chester County Economic Development Council's Sally Silver, has been diligently working to create new jobs, build an expert workforce, address energy business needs, and promote careers in energy across the five-county Philadelphia region. In recognition of this effort, the Delaware Valley Regional Planning Commission recently announced that the Chester County Economic Development Council's Smart Energy Initiative will receive its Regional Economic Development Program of the Year award at its annual dinner in Philadelphia on Thursday, May 14, 2009.

SEI is continuing to move forward with its effort and is hosting several upcoming employee trainings including:

### Upcoming Employee Trainings:

April 22, 29: Keystone HELP Contractor, one-day training

May 6, 11, 12: Keystone HELP Contractor, one-day training

June 2: NESEA Workshop: "Residential Retrofits for Energy Efficiency and Sustainability"

For more information, contact Sally at 610-458-5700, ext. 275 or e-mail at

[ssilver@cceconomicdevelopment.com](mailto:ssilver@cceconomicdevelopment.com).



About *Green Power Update*: Technology, policy and capital are all needed to create new sources of renewable energy. *Green Power Update* aims to keep you informed of new developments in these three areas and how they are helping to move Pennsylvania towards a clean energy economy.

PennFuture is carbon free and is powered by 100 percent clean electricity. To find out how your home or business can purchase clean, renewable energy, visit [www.CleanYourAir.org](http://www.CleanYourAir.org) today. It's Here. It's Working. Let's Make More.



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