



Significant Grant and Loan Money

If you are considering an energy efficiency, conservation and/or sustainable energy project, now is the time to plan it. In July, the Pennsylvania legislature created the Alternative Energy Investment Fund setting aside \$650 million dollars over the next several years for energy projects and sustainable energy businesses to provide an impetus to both:

- (a) motivate Pennsylvanians and Pennsylvania businesses to reduce energy use and to switch to sustainable sources of energy, where feasible; and
- (b) provide funding incentives for new green technology businesses and industries that make Pennsylvania their home.



Currently, the legislature is debating a second energy bill, HB 2200, that will provide even more money for energy use reduction analysis and implementation projects.

Some of the Alternative Energy Fund ("Fund") will be administered by the Pennsylvania Department of Environmental Protection ("DEP"), but the vast majority of Fund money will be administered and allocated by the Commonwealth Financing Authority ("CFA"), which operates independently from the Governor's Office. The bulk of the funding and low interest loans set forth in the bill will come through the CFA for a very broad range of projects, from energy analysis to implementation of particular conservation, efficiency, and renewable energy projects. The majority of the DEP-administered funds are earmarked primarily for low income and residential homeowner projects to make residences more energy efficient, and to utilize

renewable sources where possible.

The bill includes significant funds for solar energy projects (approximately \$180 million), and includes incentives for the companies that make solar components/technology, entities that retrofit commercial space and projects to assist homes to utilize solar energy generation. Wind generation, geothermal projects, and other renewable energy projects will also be eligible for funding.

The administrative entities are currently drafting the standards of eligibility for each category of funding delineated in the bill. The government has established a deadline of March 2009 for the first dollars to be allocated, but it is highly likely certain categories of funding will be made available prior to that proposed deadline.

The technology for renewable energy generators is developing at a rapid rate and, as a result, is becoming more cost effective. Higher energy rates will also shorten the payback period for these projects.



To sign up for e-mails related to the funding opportunities available from DEP directly, go to the DEP website:

<http://www.ahs2.dep.state.pa.us/aeifsignup/>

Stock and Leader provides assistance in identifying projects and qualified consultants, and assists clients in drafting grant and loan applications for energy-related projects. Stock and Leader has prepared a detailed summary of the projects and funding components of the Alternative Energy Investment Fund bill. See attached and contact Alex Chiaruttini for more information at 717.718.6402 or achiaruttini@stockandleader.com.



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FACT SHEET

ALTERNATIVE ENERGY INVESTMENT FUND

The following is a section by section breakdown of the grant, loan, and reimbursement money that has been set aside by the Pennsylvania Legislature in the Alternative Energy Investment Fund. We provide this information to you so that you may seize the broad range of opportunities created by the Alternative Energy Investment Fund. Under the Bill, between fiscal years 2008-2009 and 2037-2038, \$40 million dollars of the state's annual budget will be set aside to provide funding as delineated herein.

Section 303. \$40 million dollars have been allocated to the Ben Franklin Technology Development Authority for energy related investments to support early stage activities, research, company investment, early stage research and other programs or administrative activities to develop and implement alternative energy technologies and energy efficient technologies.

Section 304. Pollution Control Technology Projects. \$25 million dollars have been allocated to the Department of Environmental Protection ("DEP") for pollution control technology projects. These funds shall be utilized for grants to electric generating units or co-generation units that utilize coal as their primary fuel source and that have installed capacity of less than 500 megawatts.

Section 305. Emergency Energy Assistance Fund. \$10 million dollars have been allocated between fiscal year 2008-2009 and fiscal year 2011-2012 to create the EEAF. The Department of Public Welfare will administer this Fund. In order for money to be disbursed under this Fund, the Governor of Pennsylvania must declare an emergency that weather conditions, natural or manmade disasters, or high energy prices, or a combination thereof, are a threat to public health and available Federal Home Energy Assistance Funds are not sufficient to meet the need. Low income residents are eligible for assistance.

Section 306. Consumer and Small Business Solar Energy Projects. \$100 million dollars have been allocated by the CFA to DEP to provide loan, grant, reimbursement, or rebate money to individuals residing in an owner-occupied dwelling or to small businesses for solar energy projects. The funding can provide up to 35% of the purchase and installation costs of the project.

Section 307. The Commonwealth Financing Authority.

(a) \$165 million dollars have been allocated to the Commonwealth Financing Authority for:

- (1) loans to businesses or non-profit, economic development organizations for clean energy projects¹;
- (2) loans or grants to political subdivisions for clean energy projects;
- (3) loans and grants to businesses or non-profit economic development organizations for alternative energy production projects; and
- (4) loans and grants to businesses, non-profit economic development organizations or political subdivisions for site preparation.

(b) Projects related to Geo-Thermal Technologies. \$25 million dollars have been allocated for loans or grants to projects related to geo-thermal technologies including geo-thermal heat pump systems that use the ground, ground water, and underground water as a thermal energy source, or wind energy projects.

*Solar energy projects shall not be eligible for a loan or grant under this section.

(c) High Performance Buildings. \$25 million dollars have been allocated for loans or grants to one of the following to meet energy efficient standards under paragraph 2:



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- (1) a small business for the construction or renovation of a building for the use by the small business;
- (2) an individual for the construction or renovation of a dwelling if the individual does or will occupy the dwelling as his/her primary residence.

NOTE: The Department of General Services ("DGS") is adopting standards for the certification of a high performance building.

- (d) Other Solar Projects. \$80 million dollars have been allocated by the Authority for grants and loans for alternative energy production projects related to solar energy. No grant or loan for a project under this section shall exceed \$30 million dollars.

Section 501. Consumer Energy Program. DEP will establish a consumer energy program to provide loans, grants, reimbursements and rebates to individuals and small businesses. DEP to allocate:

Fiscal year 2008-2009 to 2011-2012: \$15 million dollars annually

Fiscal year 2012-2013: \$12 million dollars

Fiscal year 2013-2014: \$10 million dollars

Fiscal year 2014-2015: \$10 million dollars

Fiscal year 2015-2016: \$8 million dollars

In all, \$92.5 million dollars shall be used for loans, grants, reimbursements or rebates from funds to individuals residing in owner occupied dwellings or to small businesses for the purchase and installation price of consumer energy conservation projects. An applicant shall be eligible for up to 25% of the purchase and installation price of the Consumer Energy Conservation Project. Solar energy projects shall not be eligible for a grant or loan under this section.

Section 601. Home Energy Efficiency Loan Program. This program shall be administered by the Pennsylvania Housing Finance Agency and shall provide loans to eligible households for energy efficiency projects. Household eligibility is established such that dwelling units that are owner occupied and have an adjusted gross income as determined by the most current federal tax returns of all adult household members that does not exceed 150% of the greater of the current statewide or area income as established by the Federal Department of Housing and Urban Development for the county in which the home is located. The loan cannot be for less than \$1,000 or more than \$10,000 allocated to a project. The balance will be provided for a below market interest rate for up to ten years for payback. Contractors wishing to do work under this particular section and for these particular finance projects must be approved. Approved contractors will have to apply for enrollment to become approved. The Pennsylvania Housing Finance Agency is going to create the application. For those of you who would like more information as to how to become an approved contractor, we have information related to the type of data that will be requested for such an application. There is information that you should be gathering at this point in time in order to prepare for submission of applications for approval.

Section 701. Alternative Energy Production Tax Credit Program. Eligible applicants under this chapter include a taxpayer who develops or constructs an alternative energy production project located in the Commonwealth for the useful life of at least four years may apply for an Alternative Energy Production Tax Credit. Tax credits may be awarded up to 15% of the total of all development, equipment and construction costs paid for the alternative energy production project. However, no one project can gain tax credits that exceed \$1 million dollars in any taxable year. Excess tax credits may be carried over to succeeding five years for up to five years and the tax credits are saleable and assignable to third parties seeking tax credits.



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¹ "Clean Energy Project" is defined as a project which does any of the following: (1) replaces or supplements an existing energy system that utilizes non-renewal energy with an energy system that utilizes alternative energy; (2) facilitates the installation of an alternative energy system in an existing building or in new construction or major renovation of a building; (3) facilitates the construction of a new, high performance building, the retrofit of an existing building to meet high performance building standards or the preparation of a site for high performance building development, including equipment, acquisition, construction, infrastructure and site preparation; (4) install equipment to facilitate or improve energy conservation or energy efficiency including heating and cooling equipment and solar and solar thermal equipment; (5) an energy service project including the purchase or installation of any of the following: the purchase or installation of any of the following: (1) energy efficient windows and doors; (2) geothermal heat pumps; (3) installation, air sealing and other energy savings products approved by DEP; (4) energy efficient or alternative energy heating and cooling equipment or systems; (5) energy efficient solid fuel residential furnaces as approved by the DEP include furnaces that burn coal or wood pellets; (6) energy efficient lighting systems for small businesses.

Stock and Leader provides assistance in identifying projects and qualified consultants, and assists clients in drafting grant and loan applications for energy-related projects. If you have questions or would like to discuss these issues in more detail, please contact Alexandra Chiaruttini, 717.718.6402 or achiaruttini@stockandleader.com.