



Senate Special Session Committee on Energy Policies

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Summary House Bill 1, P.N. 86

Prime Sponsor: Rep. DePasquale

Short Title & Overview

The Alternative Energy Investment Act.

Invests **\$650 million** in programs designed to increase the development and use of alternative and renewable energy, improve energy efficiency and reduce energy consumption.

Provides Commonwealth Financing Authority (CFA) authority to incur **\$500 million** indebtedness, and transfers a total of **\$150 million** in General Fund tax revenue between FY '08-'09 through FY '15-'16 for various consumer programs.

Allocation of funding

- **\$500 million to Commonwealth Financing Authority**
 - \$165 million for alternative energy grants/loans administered by CFA
 - Loans to businesses or nonprofit economic development organizations and loans or grants to political subdivisions for clean energy projects that:
 - Replaces or supplements existing systems with system that uses renewable energy
 - Facilitates the installation, renovation or construction of renewable energy systems in a building, including a green energy building
 - Installs energy efficient equipment and energy efficient heating and cooling equipment
 - Qualifies as an energy service project by a political subdivision as defined under existing law
 - Loans and grants to businesses for alternative energy production projects that:
 - Utilize waste coal, biofuel, biomass, solar power, wind energy, geothermal, clean coal or waste energy technologies or other alternative

energy resources recognized under the Alternative Energy Portfolio Standards Act

- Manufactures or produces products that provide renewable energy
 - Are used for research and development of technology to provide alternative energy sources or alternative fuels
 - Develop or enhance rail transportation systems that deliver alternative or renewable fuel or high efficiency locomotives
- Loans and grants to businesses, nonprofit economic development organizations or political subdivisions for site preparation
 - A loan or grant shall not exceed \$30 million per project.
- \$100 million for Consumer Solar Energy Projects administered by DEP
 - Provide for loan, grant, reimbursement or rebate to individuals residing in owner-occupied dwelling or small businesses
 - Amount shall not exceed 35% of the purchase or installation price
 - DEP shall adopt guidelines establishing number of kilowatts of installed capacity
 - \$80 million administered by CFA as loans and grants for alternative energy production projects related to solar energy. A loan or grant shall not exceed \$30 million per project.
 - \$40 million transferred to Ben Franklin Technology Development Authority to support early-stage activities and research to develop and implement alternative energy and energy efficiency technologies. Funds shall be distributed equally among the Ben Franklin Technology Partners.
 - \$40 million for Low-Income Home Energy Assistance Program (LIHEAP)
 - \$10 million annually for FY '08-09 through '11-'12 upon determination by Governor that available federal home energy assistance funds are insufficient to meet Commonwealth's needs
 - \$25 million administered by CFA as loans or grants for small scale renewable energy projects, including geothermal technologies or wind energy projects, including manufacturing facilities for wind turbines or other energy components.
 - \$25 million administered by CFA as loans or grants for high performance buildings to individuals or small businesses. DGS shall adopt standards for the certification of high performance buildings.
 - \$25 million transferred to DEP for pollution control technology grants for coal-fired power plants that have an installed capacity of less than 500 megawatts to comply with new state/federal regulations.

- **\$92.5 million for Consumer Energy Conservation Projects**

- Allocated over 8 years
- Eligible applicants include individuals residing in owner-occupied dwellings or to small businesses
- Authorizes grants, loans, rebates and reimbursements of up to 25% of the purchase and installation price for consumer energy conservation projects
- Consumer energy conservation projects shall include:
 - Energy efficient windows and doors, including those with low-emissivity glass, coatings and glazings
 - Geothermal heat pumps
 - Insulation, air-sealing and other energy saving projects
 - Energy efficient heating and cooling equipment
 - Energy efficient solid fuel residential furnaces, including those that burn coal or wood pellets
 - Energy efficient lighting systems for small businesses

- **\$50 million for Alternative Energy Production Tax Credits**

- Allocated over 8 years
- Eligible projects include facilities or projects that:
 - Utilize waste coal, biofuel, biomass, solar power, wind energy, geothermal, clean coal or waste energy technologies or other alternative energy resources recognized under the Alternative Energy Portfolio Standards Act
 - Manufacture or produce products that provide renewable energy
 - Are used for research and development of technology to provide alternative or renewable energy sources
 - Develop or enhance rail transportation systems that deliver alternative or renewable fuel
 - Capped at 15% of the total amount of all development, equipment and construction costs, not to exceed \$1 million for each taxpayer in the applicable taxable year
 - Expires December 31, 2016

- **\$5 million for Home Energy Efficiency Loan Program**

- One-time \$5 million appropriation in FY '08-'09 to establish a revolving loan program
- Administered by PA Housing Finance Agency
- Must utilize contractors approved by PHFA
- Eligible applicants' household income shall not exceed 150% of the greater of current statewide or area median income as established by U.S. Department of Housing and Urban Development for the applicant's county of residence
- Loans shall be between \$1,000 and \$10,000
- Shall be used for purchase or installation of energy efficient projects, including:
 - Air sealing, insulation and duct work
 - Energy efficient windows and doors
 - Energy efficient heating or cooling systems or repairs

- Roofing repair, replacement or improvements
- **\$2.5 million for Data Center Consolidation Projects**
 - \$500,000/year for five years
 - Defined as projects which use server virtualization technology to consolidate and reduce the number of servers at a data center for energy efficiency purposes

General Fund Tax Revenue Allocation

The following amounts are allocated:

- \$40 million annually for FY '08-'09 through FY '37-'38 to CFA for debt service
- \$20 million annually for FY '08-'09 through FY '14-'15 and \$10 million for FY '15-'16 to DEP for consumer programs (less the amount authorized annually for tax credits)

Annual Reports

Requires various annual reports be submitted to General Assembly and posted and maintained on the Internet websites of departments, agencies and authorities administering funding.

Administrative Expense Limitation

Limits administrative expenses to no more than 1%.

Effective Date

This act shall take effect immediately.