



Senate Special Session Committee on Energy Policies

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Chairman

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Summary Special Session Senate Bill 1, P.N. 48

Prime Sponsor: Senator MJ White

Short Title

The Alternative Energy Investment Act

Allocation of funding

Invests \$650 million over 10 years in programs designed to increase the development and use of alternative and renewable energy, improve energy efficiency and reduce energy consumption.

Provides Commonwealth Finance Authority (CFA) option to incur \$250 million indebtedness to be spent over minimum of 4 years. If CFA opts not to borrow, it shall receive \$250 million total over 13 years for grants and loans.

The \$650 million shall be allocated as follows:

- **\$250 million to Commonwealth Financing Authority**
 - \$210 million for alternative energy grants/loans administered by CFA
 - Loans to businesses and loans or grants to political subdivisions for clean energy projects, including:
 - Replace or supplement existing system with system that uses renewable energy
 - Installation, renovation or construction of renewable energy systems in a building, including a green energy building
 - Installation of energy efficient equipment and energy efficient heating and cooling equipment
 - 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
 - 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
 - \$25 million (*\$5 m/year for 5 years*) transferred to DEP for pollution control technology grants for coal-fired power plants to comply with new state/federal regulations
 - \$15 million (*\$3 m/year for 5 years*) transferred to Ben Franklin Technology Development Authority, further distributed as follows:
 - 60% (*\$1.8 m/year for 5 years*) to Ben Franklin Technology Partners to support early-stage activities and research to develop and implement alternative energy technologies
 - 40% (*\$1.2m/year for 5 years*) for venture capital for Pennsylvania start-up businesses to develop or expand alternative and renewable energy technologies.
- **\$130 million for Alternative Energy Production Tax Credits**
 - Allocated over 10 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
- **\$100 million for Consumer Energy Projects**
 - \$10 million/year for 10 years administered by DEP
 - 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:
 - Solar or solar photovoltaic panels

- 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
- **\$100 million for Low-Income Home Energy Assistance Program (LIHEAP)**
 - \$10 million/year for 10 years upon determination by Governor that available federal home energy assistance funds are insufficient to meet Commonwealth's needs
- **\$50 million for Solar Panel Purchase and Installation**
 - \$5 million/year for 10 years, to be administered by DEP
 - Rebates up to 35% of the purchase or installation price
 - DEP shall establish a schedule to determine the amount of loan, grant or rebate based on the number of kilowatt hours generated
- **\$15 million for Hybrid Vehicle Rebates**
 - \$3 million/year for five years
 - Increases rebates to \$750 per vehicle
 - Funds shall be deposited in the Alternative Fuels Incentive Fund
- **\$5 million for Home Energy Efficiency Loan Program**
 - One-time appropriation 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

Gross Receipts Tax Allocation

Dedicates a portion of existing gross receipts tax revenue to finance bill. Specifically, the following amounts are dedicated:

- \$20 million annually for FY 2008-2009 through FY 2032-2033 to CFA **if** the CFA elects to incur \$250 million indebtedness, **or if no indebtedness is elected** \$20 million annually to CFA for FY 2008-2009 through FY 2019-2020 and \$10 million for FY 2020-2021 for alternative energy development projects.
- \$20 million annually for FY 2008-2009 through FY 2017-2018 to DEP for the Consumer Energy Program.
- \$5 million annually for FY 2008-2009 through FY 2017-2018 to DEP for solar and solar photovoltaic panel program.
- \$3 million annually for FY 2008-2009 through FY 2012-2013 to be deposited in the Alternative Fuels Incentive Fund for hybrid vehicle rebates.
- \$5 million for FY 2008-2009 to Pennsylvania Housing Finance Agency for Home Energy Efficiency Loan Program.

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 be effective in 60 days.