



June 15, 2021

KENNETH L. MICKENS, ESQUIRE LLC
LEGAL CONSULTING

E-FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

**Re: 2020 PA SEB Annual Report
Docket No. M-00031715 F0003 – Sustainable Energy Fund**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission is the Sustainable Energy Fund's 2020 PA SEB Annual Report. Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script, reading "Kenneth L. Mickens".

Kenneth L. Mickens, Esquire
Attorney for the Sustainable
Energy Fund

KLM/bls
Enclosures

SUSTAINABLE ENERGY FUND

(PPL Service Territory)

PA SEB 2020 ANNUAL REPORT

<http://www.theseef.org>

INTRODUCTION

The Sustainable Energy Fund is an independent, nonprofit 501(c)(3) corporation that assists energy users to strive for a future where energy is harvested, converted, distributed, and utilized in a manner that allows all to meet their energy needs without compromising the ability of future generations to meet their needs.

SEF was founded in 1999 through a settlement approved by the Pennsylvania Public Utility Commission during the state's electric deregulation proceedings. Since then, SEF has been a leading financier of sustainable energy projects and has expanded its services to include sustainable energy education to seek a sustainable energy future.

The organization continues to engage in sustainable energy awareness efforts, provide sustainable energy education, and intervene in regulatory proceedings that impact energy conservation, energy efficiency, or renewable energy.

SEF works with all types of entities, including small businesses, municipalities, school districts, nonprofits, farmers, manufacturing facilities, warehouses, and transportation companies, to reduce energy consumption from non-sustainable resources. In addition, SEF works with energy users, educators, consumers, and regulators to achieve these reductions by reducing or removing the financial, educational, and regulatory barriers that prevent these organizations from generating energy from renewable resources and implementing improvements in the efficiency of energy utilization as well as reducing energy consumption through behavioral changes.

SEF remains dedicated to helping energy users make informed decisions and financially supporting projects that meet specific criteria. Therefore, SEF is consistent and transparent in its financial reporting and execution of operations.

2020 NOTE

2020 began with completing SEF's net-zero office building, new C-PACE counties, and some educational programming. During the first few months of the pandemic, there was a pause in programming as SEF looked for solutions to create impact virtually. SEF canceled Energypath due to government mandates. The small commercial entity loan market for energy efficiency and renewable energy collapsed, but SEF maintained loan volume through large loans for

utility-scale solar projects. As of December 31, 2020, SEF was close to maxing out its portfolio. Educational programs were also modified to be delivered virtually. So although 2020 presented unprecedented challenges, the organization met those challenges head-on, impacting sustainable energy in Pennsylvania.

HIGHLIGHTS AND ACCOMPLISHMENTS

Educational Initiatives

SEF funds various educational initiatives that raise public awareness of sustainable energy and provide topic-specific training for energy users, educators, and students. Sustainable Energy Fund's educational programs seek to create a passion for and knowledge of sustainable energy in the leaders of today and tomorrow. Literacy in both power and sustainability is crucial to understanding and applying knowledge in making sound sustainable energy-related decisions. SEF's educational programs before the pandemic included in-person programming and during the pandemic provided virtual programming.

Energypath 2020

The planning, advertising, and registration for Energypath were proceeding, but the conference was canceled in May 2020 due to Pennsylvania mandates.

Educational Outreach

SEF held its exhibit at the farm show in January and hosted the Energy Service Provider experience at the beginning of February. In addition, during 2020, SEF had 20 educational events with more than 750 attendees.

Regulatory Monitoring

In addition to engaging in sustainable energy awareness efforts providing sustainable energy education, SEF intervenes in regulatory proceedings that impact energy conservation, energy efficiency, or renewable energy. For example, SEF represents ratepayers' interests in sustainable energy proceedings before the Public Utility Commission. In 2020, SEF was an active participant in PPL Electric's Distributed Energy Resource proceeding and its ACT 129 EE&C filing.

Program Related Investments

SEF's financial programs seek to aid energy users in overcoming financial barriers through various self-sustaining financial tools such as loans, leases, energy savings agreements, power purchase agreements, and equity investments. Each investment must fit SEF's mission and meet minimum financial requirements.

Through the Nonprofit Energy Savings Agreement program, SEF provides nonprofits with a no-cost initial energy audit. These audits are performed at no cost through SEF by a qualified professional engineering firm for more extensive facilities.

Over the past year, SEF committed to funding projects totaling \$9,106,772. During 2020 SEF disbursed \$9,878,558. In addition, SEF coordinated funding of one loan through syndication with the other SEFs.

Commercial Property Assessed Clean Energy Financing

SEF supported the implementation of Commercial Property Assessed Clean Energy Financing in Pennsylvania starting in the summer of 2018 after Act 30. To date, SEF has assisted 13 counties in passing resolutions to support C-PACE programs. Through administration by SEF, many of the county programs are operational and ready to accept applications. SEF began advertising the program in active counties. As the third-party administrator for Montgomery County, SEF processed and approved a C-PACE transaction that combined new construction and gut rehab of a historic firehouse for \$9,999,740. The largest C-PACE in Pennsylvania since program inception.

Net Zero Building

SEF witnessed substantial completion of its 15,000 square foot Net Zero Energy office building in February 2020. The facility is designed to consume one-quarter of the energy of a standard office building of the same size and produce 200% of the energy it needs from solar photovoltaic and solar thermal panels placed on the roof of the building. The facility received several awards, including EnergyStar, where the building was more efficient than 97% of the buildings in its class. In addition, the building is exceptionally airtight, meeting the most stringent standards. It also features many automated features, energy efficiency, water efficiency, and wellness features, including LED lighting, variable flow refrigerant system for heating and cooling, operable windows, energy recovery ventilators for constant fresh air, dual flush toilets, and waterless urinals, among other features. In addition, the building is managed and monitored by a building automation system that monitors where energy is used and turns systems on and off depending on occupancy.

Financial Approvals

Project Title	Amount of Funding	Comments
Community Energy Solar	\$5,000,000	Solar PV
KPG FF Owner, LP	\$206,772	Lighting
Community Energy Solar	\$3,900,000	Solar PV Transformers

Disbursements

Project Name	Type of Funding	Amount	Approval Date	Comments
Community Energy Solar	Loan	\$6,734,500	2/19/2020	Solar PV
Community Energy Solar	Loan	\$3,114,058	8/19/2020	Solar PV

Energy Service Provider Network. SEF has created a network of service providers who work in the renewable energy/energy efficiency field to locate and develop projects. Communication via the network allows SEF to create financial tools and products to assist the project owner in meeting their funding needs. In 2020, SEF held a two-day mini-conference focused on improving the operations of these sustainable energy businesses and familiarity with SEF's services.

GREEN CONNEXIONS

Green Connexions, Inc. is a for-profit C corporation owned by SEF. The mission of Green Connexions is to provide products and services through renewable energy and energy efficiency ventures. Profits from Green Connexions are used in support of SEF to help sustain its mission. In 2017, Green Connexions, through its subsidiary Sustainable Energy Systems, maintained a limited solar thermal leasing program.

BOARD ACTIVITIES

On August 19, 2020, at a regularly scheduled Board meeting. Ms. Jocelyn Cramer was elected as SEF's Chairperson of the Board. Additionally, Ms. Brandi Snyder was elected as Vice-Chairperson, and Larry Eighmy was elected Secretary/Treasurer.

The SEF Board reviews governance, policy, and structure. There are three standing committees: Finance, Human Resources, and Program Related Investments. The Finance Committee also functions as the Board Audit Committee and the Board Investment Committee. During 2020, the Board had four Board meetings and various meetings of the Finance, HR, and PRI committee meetings. As of December 31, 2020, the SEF Board of Directors consisted of:

- Jocelyn Cramer, Chairperson
- Brandi Snyder, Vice-Chairperson
- Larry Eighmy, Secretary/Treasurer
- Evan Pappas, Director
- Lynn Rothman, Director
- Rudy Shankar, Director
- Kurt Zwerko, Director

FINANCIAL REPORT

As of December 31, 2006, SEF no longer receives funding from the PPL ratepayers. SEF is funded through program related income and market investments. The organization is self-sustaining.

For the year ending December 31, 2020, SEF's audited statements showed a total income of \$1,176,535 and a total expense of \$1,808,682. Considering dividends, interest, unrealized gains (losses), bad debt

expense, and loan loss allowance resulted in a net income of (632,147). The 2020 Balance Sheet reports total assets at \$24,085,0707, including program loans of \$9,487,769, equity investments of \$550,844, and property, plant, and equipment of \$7,323,200, which includes equipment utilized for Energy Savings Agreements and the Net Zero Building. Total liabilities were \$4,414,008. Audited financial statements for the year ending December 31, 2020, are available upon request on the Sustainable Energy Funds website <http://www.theseef.org>.

ADDITIONAL INFORMATION

Sustainable Energy Fund is an independent, self-governing organization that does not pay an annual fee for management services. The Fund tracks expenses in three categories- Operations, Financial Services, and Educational Services. Financial Services and Educational Services represent the majority of program-related expenses. Operational expenses include administrative costs, information technology, facility costs, dues, memberships, and a portion of marketing and labor expenses. Operational expenses for 2020 totaled \$617,270 which includes \$137,048 for depreciation and \$123,897 for interest expense.