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|  | **PENNSYLVANIA**  **PUBLIC UTILITY COMMISSION**  **Harrisburg, PA 17105-3265** |  |

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|  | Public Meeting held April 30, 2020 |
| Commissioners Present: |  |

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| --- | --- | --- |
| Gladys B. Dutrieuille, Chairman | | |
| David W. Sweet, Vice Chairman | | |
| John F. Coleman, Jr. | |
| Ralph V. Yanora | |
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| Pennsylvania Sustainable Energy Board  Best Practices | Docket No. M-00031715 |

**ORDER**

**BY THE COMMISSION:**

In 1999, the Commission established the Pennsylvania Sustainable Energy Board (PASEB) to provide “oversight, guidance and technical assistance” to the regional sustainable energy funds (SEF). *Electric Distribution Companies’ Sustainable Energy Funds*, Docket Nos. R-00973953, R-00973954, R-00973981, R-00974008, R-00974009 (Order entered July 1, 1999). The Commission determined that a statewide board could assist the regional SEFs in coordinating their activities in furtherance of the public interest. In 2003, the Commission defined the role and obligations of the PASEB in more detail. *Statewide Sustainable Energy Board*, Docket No. M-00031715 (Order entered August 12, 2003) (*Statewide Order*). The PASEB has now submitted a revised “best practices” document for the regional SEFs to the Commission for review and approval. With this Order the Commission approves the revised best practices document for the Guidelines for Inquiries and Applications for Grants, Loans and Equity Investments.

**BACKGROUND**

The Electricity Generation Customer Choice and Competition Act, 66 Pa. C.S.   
§§ 2801, *et seq*., required that all electric distribution companies (EDC) submit a restructuring plan to the Commission to implement direct access to competitive markets. *See* 66 Pa. C.S. § 2806(d). The Commission approved settlement agreements for each of the submitted restructuring plans. The approved plans for five of the EDCs included provisions establishing four SEFs.[[1]](#footnote-1) These SEFs were (1) the Sustainable Development Fund, (2) the Sustainable Energy Fund of Central Eastern Pennsylvania, Inc., (3) the West Penn Power Sustainable Energy Fund, and (4) the Metropolitan Edison Company and Pennsylvania Electric Company Sustainable Energy Fund.

In the *Statewide Order*, the Commission directed that the PASEB undertake certain specific actions as part of its mission. This included holding an annual meeting, establishing bylaws for the PASEB, and developing “best practices” to guide the operations of the SEFs. The PASEB held its first annual meeting on June 29, 2004. The PASEB also met periodically throughout 2004 to develop the best practices.

The PASEB and Commission staff delayed the filing of the best practices to evaluate the impact of the Alternative Energy Portfolio Standards Act (AEPS Act),   
73 P.S. §§ 1648.1, *et seq*., which became law on November 30, 2004, on the PASEB and the SEFs. The AEPS Act assigned new responsibilities to the PASEB. All alternative

compliance payments made by EDCs and electric generation suppliers are to be paid into a special fund of the PASEB. 73 P.S. § 1648.3(g)(1).

By late 2005, the PASEB determined that the best practices it developed did not need to be revised in order to implement its new AEPS Act responsibilities. Rather, it was determined that the PASEB’s responsibilities under the AEPS Act were to be addressed through the PASEB’s governing bylaws and Commission regulations. The PASEB began to finalize the best practices documents for Commission review in early 2006. At its annual meeting on December 11, 2006, the PASEB voted to submit the documents to the Commission for approval. The Commission approved the PASEB best practices documents on March 6, 2007. *Pennsylvania Sustainable Energy Board*, Docket No. M-00031715 (Order entered March 6, 2007).

**DISCUSSION**

The *Statewide Order* directed the PASEB to develop uniform guidelines for the business processes of the SEFs. Specifically, the PASEB was directed to address the application process, the reconsideration/appeal of denial process, and a code of conduct for regional fund directors. Consistent with this directive, the PASEB drafted best practices for each of these three processes. These best practices include the Guidelines for Inquiries and Applications for Grants, Loans and Equity Investments; Guidelines for Reconsideration and Appeal; and Guidelines for the Code of Conduct, Conflict of Interest and Confidentiality Policy attached to this Order as Appendices A, B, and C respectively. On its own initiative, the PASEB also drafted best practices for the nomination and election of regional SEF directors. These best practices consist of the Guidelines for Nomination, Election and Approval of Directors attached as Appendix D.

At its 2018 annual meeting, the PASEB voted to update the best practices document for the Guidelines for Nomination, Election and Approval of Directors to reflect a change in the name of a Commission Bureau in Section 8.1 and to correct a reference in Section 8.2. *See* Appendix D. The Commission approved that revised best practices document on April 11, 2019. *Pennsylvania Sustainable Energy Board Best Practices*, Docket No. M-00031715 (Order entered April 11, 2019).

On February 6, 2020, the PASEB held its 2019 annual meeting. During this meeting, the PASEB voted to update the best practices document for the Guidelines for Inquiries and Applications for Grants, Loans and Equity Investments. The PASEB and Commission staff determined that revisions to this document were necessary to correct a minor typographical error and to eliminate the requirement for SEFs to report applications received and applications approved to the Commission on a project matrix each calendar quarter.  *See* Appendix A. As discussed at the annual meeting, the SEFs had not been submitting a project matrix each calendar quarter for some time. The Commission no longer required the submission of these project matrix documents by the SEFs. The revisions are highlighted in a redline copy of the document attached to this Order as Appendix E. Upon review, we approve the revised best practices document at Appendix A, which is consistent with Appendix E.

While only one of the PASEB best practices documents has been revised, we are attaching all four of the best practices documents to this Order for the regional SEFs to examine their existing policies and procedures for consistency with the best practices. We again emphasize to the regional SEFs that the guidelines in the four best practices documents will facilitate applications for grants and loans, promote transparency in the reconsideration and appeals of funding denials, mitigate potential conflicts of interest by regional fund directors and staff, and promote greater participation in the director nomination process. The PASEB is instructed to continue to examine whether additional best practices are needed to help the SEFs meet their objectives; **THEREFORE,**

**IT IS ORDERED:**

1. That the revised best practices submitted by the Pennsylvania Sustainable Energy Board are approved.

2. That a copy of this Order be served on each member of the Pennsylvania Sustainable Energy Board and the regional sustainable energy funds.

3. That the regional sustainable energy funds review their existing policies and procedures for consistency with the best practices at Appendices A, B, C, and D.

4. That these best practices be incorporated into the policies and procedures of the regional sustainable energy funds in the absence of conflicting policies and procedures and that, where existing policies and procedures conflict, consideration be given to conforming them to the best practices.

5. That the regional sustainable energy funds document and provide notice to the Commission of their progress in implementing the best practices within six months and that the funds identify any best practices not adopted with reasons for why the best practices have not been adopted.

**BY THE COMMISSION**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: April 30, 2020

ORDER ENTERED: April 30, 2020

**Appendix A**

**Pennsylvania Sustainable Energy Board**

**Best Practices for the Regional Sustainable Energy Funds:**

**Guidelines for Inquiries and Applications for Grants,**

**Loans and Equity Investments**

1. **INTRODUCTION**

While Pennsylvania’s regional Sustainable Energy Funds (“the SEFs”) operate with different boards and staffs, all share the same basic goals. Therefore, it is appropriate to have shared general practices and requirements for the solicitation, acceptance for review, and evaluation of grant, equity and loan applications. This still also allows each board to consider applications based on their merits as well as on board emphasis relative to the larger mission of the SEF.

1. **DEFINITIONS**

***Application***. Written materials that are sufficient for the SEF to begin a due diligence inquiry into the soundness of a financial request. Each SEF may determine the form and content of what constitute an application for its various financial products (grants, loans and equity investments). A partial or incomplete submittal does not constitute an application.

***Inquiry.*** Any discussion about financial assistance that does not meet the standard of an application.

1. **OUTREACH PRACTICES TO GENERATE INQUIRES**

The strategies a SEF may use to generate inquiries may include the following:

* 1. Presentation and/or participation in trade shows/gatherings/conferences
  2. Participation in regional groups/associations (Green Building Alliance, Fuel Cell Working Group, etc.)
  3. Networking with State and Federal government efforts (Energy Harvest Program, Small Wind Program, etc.)
  4. Web Presence
  5. Printed materials available for distribution
  6. Board interaction
  7. Staff interaction

1. **INQUIRIES**
   1. Individuals, non-profit and/or for profit organizations interested in applying for a grant, equity or loan investment are urged to submit a letter of inquiry outlining, in no more than two pages, how the project meets the mission of the fund, the goals for the project, a brief description of the project, a description of how you intend to measure the benefits of the project, as well as the amount of the request. Letters of intent may be submitted at any time.
2. **APPLICATION PROCEDURES**
   1. Each SEF accepts applications from individuals, for-profit corporations and not-for-profit organizations.
   2. At certain times, a SEF may use the Request for Proposal (RFP) method of grantmaking. Each SEF using this grantmaking method will detail in the RFP the procedures to be used by the applicant.
   3. Each SEF will develop an application form for each of the financial products it offers.
   4. Individuals, for-profit corporations and not-for-profit organizations whose projects appear to meet the guidelines may be invited to submit a full application. An invitation to submit a full application in no way guarantees that the SEF will ultimately approve the project.
3. **APPLICATION CONTENT**
   1. While application forms may vary according to design criteria, this section describes general guidelines for the application forms.
   2. For an Application from a non-profit organization or a for-profit corporation:
      1. A brief history of your company and its current mission.
      2. The history of your company’s involvement with the proposed project.
      3. An overview of your company’s organizational structure.
      4. A copy of the company’s legal structure.
      5. Please include a copy of your company’s latest business plan.
   3. For an Application from an Individual: Describe your personal and professional background and how it relates to the project.
   4. Project Description.Describe the specific project for which you are seeking funding, including the following information:
      1. How this project fits the mission of the SEF Fund.
      2. Where in the SEF Fund’s electric service territory the project is located.
      3. How and why this site was chosen.
      4. Who benefits from this project.
      5. A description of how you intend to maintain the project in the future.
      6. A copy of the total financial projections for the project.
      7. Identify the working capital requirements for the project.
      8. Describe the company’s record keeping capabilities.
      9. Describe the timeline for this project.
      10. Describe how you will measure energy saved and/or generated.
      11. Describe how you will measure the environmental impact of the project.
      12. Describe how the SEF investment will leverage other funding for the project.
      13. The number of permanent and temporary jobs to be created by the project.
      14. If the project has an educational component, describe who will be served and whether or not this will be formal and/or informal education.
   5. Management Team
      1. Provide biographical data on each of the key management personnel.
      2. Describe previous work experience of key personnel with this type project.
      3. If a management gap exists, describe how you intend to fill that gap.
   6. Financial Request.Describe the specific financial request being made to the fund:
      1. The amount of the request.
      2. Provide a budget for the project
      3. Provide the most recent company financials
4. **APPLICATION REVIEW AND DECISION PROCESS**
   1. Each SEF will set up its own application review and decision process.
   2. After receiving the application and doing an initial due diligence, a site visit or a meeting at the SEF office may be scheduled. Following the site or office visit, staff or outside counsel may complete due diligence which may result in a request for additional information. Staff then may forward it to the appropriate SEF Committee, which may or may not request additional information.
   3. The amount of time required to consider an application will vary with the complexity of the application, but applicants should consider 90 days from the date a complete application is received by the SEF to be the norm.
   4. Each final decision of a SEF on an application should be communicated in writing to the applicant within a reasonable timeframe, usually seven business days following the final decision.
      1. If the application was approved, the SEF staff will work with the applicant to prepare the necessary grant, loan or equity investment documents. These documents may contain the expected outcomes for the project, a design for measuring the outcomes, a timeline for completion of project activities, for which the grant, equity or loan investment is approved, a schedule of payments, if appropriate, expected accounting procedures to be followed by the recipient, how publicity for the project may be handled, who may use materials generated by the project and the use of the SEF logo.
      2. If the application was denied, the SEF staff will inform the applicant in writing the reason(s) for the denial.

NOTE: *These Best Practices were approved by the Pennsylvania Sustainable Energy Board on February 6, 2020.*

**Appendix B**

**Pennsylvania Sustainable Energy Board**

**Best Practices for the Regional Sustainable Energy Funds:**

**Guidelines for Reconsideration and Appeal**

1. **INTRODUCTION**

Pennsylvania’s regional Sustainable Energy Funds (“the SEFs”) utilize grant making, lending and investing activities to support their missions. These funding decisions require a careful consideration and balancing of a number of issues, including but not limited to financial return, social return, risk and costs. Because not all applicants may be fully satisfied with all SEF funding decisions, each SEF will develop written policies for reconsideration and appeal of funding decisions.

These Best Practices identify key elements of those reconsideration and appeal policies. Since each SEF uses a different operating structure for grant and loan approvals, policies and procedures should be developed that support a particular operating structure. Hence, no single model is suggested for reconsideration and appeal practices.

Documented polices and procedures will enhance public relations and further the mission and objectives of each SEF.

1. **DEFINITIONS**

***Reconsideration*** – A review of a prior decision by the original decision-maker with the possibility of changing or modifying that decision. This process could be applicable to all decisions that have been made by individuals, committees and boards.

***Appeal*** – A request of a higher authority to review a decision made by a lower authority with the possibility of changing or modifying the lower authority’s decision. This review process is not applicable to all decisions. The highest authority’s decisions cannot be subject to appeal. Appeal for the purposes of this practice is limited to each SEF’s internal review of its decisions. No external review is suggested, implied or should be inferred.

***Regulations*** – Rules and administrative codes issued by governmental agencies at all levels. The SEFs are subject to the Orders, regulations and directives of the Pennsylvania Public Utility Commission as well as other federal and state regulations.

***Policies and Procedures*** – Statements adopted by the funds to give guidance to determining a course of action. The SEFs can provide funding through grants, loans and equity investments. The SEFs will adopt policies and procedures for receiving funding applications, making funding decisions and monitoring funding activities. In addition, policies and procedures should be adopted for reconsideration and appeal of funding decisions.

1. **RECONSIDERATION AND APPEAL**
   1. Although reconsideration and appeal are defined differently, each action requires a review of a prior decision. Both reconsideration and appeal require a determination as to whether the prior decision should stand or be changed.
   2. Reconsideration places review of a decision with the original decision-makers (an individual or group of individuals serving on a committee or board). Reconsideration may be justified when there is new material information available that was not part of the original decision.
   3. Appeal places review of a decision with another decision-maker who has some oversight or control over the original decision-maker. Appeal is not always applicable since the highest authority’s decisions cannot be appealed. The SEFs should identify the highest authority within their operating structure and indicate that decisions of the identified highest authority are final and are not subject to appeal.
   4. A reconsideration that is unacceptable to the applicant could lead to an appeal, if an appeal process is available.
   5. An appeal should not be allowed until all reconsideration processes have been exhausted.
2. **RELATION TO OTHER POLICIES AND PROCEDURES**
   1. Each SEF should adopt policies and procedures that provide guidelines for approval and rejection of funding requests. These policies and procedures should establish who has authority to approve, reject, or recommend approval/rejection of funding applications. Policies and procedures should determine whether recommending individual(s) should have a role in reconsideration or approval processes.
   2. It is recommended that policies and procedures that govern funding processes be reviewed and a determination be made which actions will be subject to reconsideration and appeal.

For example, a simple policy governing due dates for grant applications may state:

All grant applications must be postmarked no later than April 30, 2004.

As written, a decision maker could reject a grant application postmarked May 1, 2004. The rejected applicant could apply for reconsideration or appeal if such policies exist.

If the policy is written:

All grant applications must be postmarked no later than April 30, 2004. Staff is authorized to reject and return any grant application that is postmarked later than April 30, 2004. Applications rejected and returned under this policy will not be entitled to reconsideration and appeal procedures.

Applicants clearly understand that the due date is absolute and there are no further rights for reconsideration or appeal.

1. **THE FOLLOWING PROCEDURES SHOULD BE ADOPTED:**
   1. If the causes for rejection are believed to be correctable, the applicant should be further advised to correct the application and reapply.
   2. Each SEF should have written policies and procedures for reconsideration and appeal. Procedures should identify to whom the appeal or reconsideration forms should be delivered.
   3. Only an applicant can request reconsideration or appeal. The request for reconsideration or appeal should be in writing and have supporting documents.
   4. The request for reconsideration or appeal must be submitted by a defined time that is usually a short and reasonable period after notification of rejection. That period ideally should not exceed 60 days.
   5. The period for review and action on a request for reconsideration or appeal must be a time defined by the policies and procedures of each SEF.
   6. SEFs should consider defining the grounds for reconsideration and appeal. Grounds for reconsideration and appeal are legitimate tools to limit reviews to substantive issues and to place the burden on the applicant to prove that the decision was incorrect. Suggested grounds for reconsideration and approval include:
      1. Undisclosed conflict of interest on part of an employee and/or board member who was involved in the approval decision.
      2. Review criteria were used that was other than the criteria published in the offering documents or policies and procedures.
      3. Information was withheld from the decision-maker.
      4. New material information that could not have been reasonably presented with the application.
      5. A material mistake or misrepresentation of information that was no fault of the applicant.
      6. Violation of a federal or state regulation, if applicable to the activities of a particular SEF.

NOTE: *These Best Practices were approved by the Pennsylvania Sustainable Energy Board on December 11, 2006.*

**Appendix C**

**Pennsylvania Sustainable Energy Board**

**Best Practices for the Regional Sustainable Energy Funds:**

**Guidelines for the Code of Conduct, Conflict Of Interest and Confidentiality Policy**

1. **INTRODUCTION**

Pennsylvania’s regional Sustainable Energy Funds (“the SEFs”) strive to ensure that its activities, as well as those of its Directors, officers, employees, consultants and independent contractors, are conducted in compliance with appropriate ethics, loyalty, honesty, integrity, fair dealing and independence.

To this end, the Board of Directors of the SEF (the “Board”) adopt this Code of Conduct and Conflict of Interest Policy to preclude material conflict of interest or impropriety with respect to the duties and activities of such persons or entities relating to the SEF.

1. **GUIDELINES**

The Directors, officers, employees, consultants and independent contractors of the SEF, in all transactions related to their duties on behalf of the SEF, or on behalf of those entities served by the SEF, shall adhere to the standards of ethics, care, loyalty, honesty, integrity and fair dealing described herein and shall at all times act in the best interests of the SEF.

1. **DEFINITIONS**

***Adverse Interest*** shall mean when a Covered Person, or a Family Member of a Covered Person, has a Financial Interest in an entity that (a) is receiving financial support from the SEF; (b) is currently seeking financial support from the SEF; or (c) is likely to seek financial support from the SEF in the coming twelve months.

***Compensation*** shall mean direct or indirect remuneration, as well as gifts, loans, gratuity, favor or service that are substantial in nature. The acceptance of food and refreshment of nominal value on infrequent occasions in the ordinary course of a lunch or dinner meeting or other meeting shall not be deemed a “gift, loan, gratuity, favor or service” for purposes of this definition.

***Confidential Information*** shall mean all documents, records, files, contracts, communications, conversations, prospective or actual equity or borrower information, trade secrets, data, or other information that the owner has expressly and unequivocally stated to the SEF to be confidential or proprietary.

***Covered Person*** shall mean any SEF Director, SEF employee and SEF contractor who performs program or administrative tasks for the SEF. The term does not include persons whose only connection to the SEF is that they are grantees or recipients of financial support from the SEF. For purposes of the Confidentiality rules (section 7.0) only, employees of the Commission will be included in the definition of covered person.

***Duty of Care*** is the requirement that a director fulfill his or her responsibilities responsibly, thoroughly and in good faith. It means committing the necessary time to prepare for and attend board meetings and other SEF business and to participate in SEF business in an informed basis.

***Family Member*** shall mean the Covered Person’s spouse, child, parent, brother, sister, or any other person living in the home of the Covered Person.

***Financial Interest*** shall mean (a) an ownership or investment interest in, or (b) a compensation arrangement with an entity. Voluntary, unpaid board membership in a nonprofit organization does not constitute a financial interest with that organization.

1. **DISCLOSURE AND FINDING OF ADVERSE INTEREST**
   1. A Covered Person who has an Adverse Interest with respect to an entity that is seeking financial support from the SEF must disclose in writing to the SEF Board the nature and extent of the interest.
   2. If a Covered Person fails to disclose an Adverse Interest, it is appropriate for another SEF Director, SEF staff person or other interested person to bring the possibility of an Adverse Interest to the attention of the Board.
   3. After providing the involved person an opportunity to address the Board, the Board will make a finding of whether an Adverse Interest exists or does not exist with respect to a specific entity.
2. **ACTIONS UPON DISCLOSURE OF ADVERSE INTEREST**
   1. If a Covered Person is found to have an Adverse Interest:
      1. Unless a SEF determines otherwise, the Covered Person may not be allowed to participate in any Board or staff discussions about the specifics of a Request for Proposals or similar competitive documents prior to their public issuance. This is to ensure that the Covered Person does not get advance notice of the details of the Request for Proposals and thus gains a competitive advantage over other applicants. This section does not prevent SEF staff from meeting with Directors or the employers of Directors to develop program or project ideas. If any such programs or projects are taken to the board for approval, the SEF staff and the involved Director must disclose the planning work as required by section 4.0 and take the actions listed in section 5.0.
      2. The Covered Person is to be excused from all Board deliberations with respect to the entity that gave rise to the Adverse Interest and must continue to be absent during the Board vote on the financial request. This will include not only the deliberations about the entity itself, but also the deliberations involving entities that are in competition for financial support, such as the applicants responding to a Request for Proposals. The Covered Person may, at the discretion of the Chairperson, make a statement about the entity or the financial request at the beginning of the Board consideration, but at the conclusion of the statement, the Covered Person must leave the room so that the Board’s discussion can continue without the Covered Person being present.
      3. The Board shall take such action, which is necessary in light of the facts revealed by the disclosure, to avoid a conflict of interest or impropriety with regard to a project. The Board must use its independent judgment to determine if the transaction is fair to the Fund and in the Fund’s best interests.
   2. The minutes of the Board meetings shall contain:
      1. The names of the Covered Persons who disclosed or otherwise were found to have an Adverse Interest and the nature of the Adverse Interest.
      2. The names of the persons who were present for discussions and Board decisions relating to the transaction or arrangement.
3. **PROHIBITED ACTIVITIES**
   1. No Covered Person may solicit, accept or receive from a person, firm, corporation or other business or professional entity or organization a gift, loan, gratuity, favor or service that might influence his or her position in the discharge of his or her official duties concerning a project or any other activities of the SEF.
   2. No Covered Person may directly or indirectly use for personal gain any information not available to the public concerning a project or company, nor may a Covered Person provide that information to others.
4. **CONFIDENTIALITY**
   1. From time to time during the course of their service to the SEF, Covered Persons will be given Confidential Information. Maintaining the confidentiality of this information is vital to the functioning of the SEF. No Covered Person shall disclose any Confidential Information, directly or indirectly, nor use it in any manner.
   2. A Covered Person will protect the confidentiality of Confidential Information they receive in the course of their work with the SEF as follows:
      1. They will not disclose the confidential documents and information to any third party.
      2. They will safely maintain and store all confidential documents and other materials that they receive.
      3. They will not copy or reproduce any part of the confidential documents that they receive.
      4. They will return the confidential documents to the SEF upon completion of their review.
   3. Each Covered Person’s obligations under this paragraph shall not apply to Confidential Information which:
      1. was in the public domain at the time it was communicated to the Covered Person;
      2. entered the public domain subsequent to the time it was communicated to the Covered Person through no fault of the Covered Person;
      3. was rightfully communicated to the Covered Person free of any obligation of confidence;
      4. was free of any obligation of confidence subsequent to the time it was communicated to the Covered Person;
      5. was developed by the Covered Person independently of and without reference to any information communicated to the Covered Person;
      6. was communicated in response to a valid order by a court or other governmental body, or otherwise required by law.
5. **COMMUNICATION AND AFFIRMATION OF POLICY**
   1. The SEF shall deliver a copy of this policy to each of its officers, Directors, employees, consultants and independent contractors and post it on the SEF website. These best practices will also be posted on the Pennsylvania Sustainable Energy Board section of the Commission’s website.
   2. To ensure compliance with this policy, all Covered Persons shall be required to execute an *Acknowledgment and Acceptance / Financial Interest Disclosure Statement*. A sample form is attached, but each SEF may design its own form. All covered persons will be given this form each year. Although such information will be made available to the members of the Board, it will otherwise be treated as confidential.
   3. All candidates for SEF Directors, employees, consultants or independent contractors shall be advised, prior to election, hiring or retention, of this policy and each shall affirm his or her willingness to submit the form prior to their election, hiring or retention.
6. **REMEDIES**
   1. The failure to make any required disclosure under this policy or any other breach of this policy is grounds for disciplinary action by the SEF against the Covered Person. This disciplinary action may include removal from the Board or termination of the individual’s employment, consulting or other contract or arrangement, and is grounds for disapproval of an application or rescission of a project by the SEF. The remedies provided herein shall be in addition to any other legal remedies available to the SEF.
7. **COMPENSATION OF DIRECTORS**
   1. If a SEF chooses, a SEF may reimburse directors for reasonable expenses they have incurred to participate in board meetings and other SEF business events and for other incidental SEF business expenses. Reimbursement can only be made upon the presentation of proper receipts for the eligible expenditures.
   2. No director will receive a stipend or any other compensation from the SEF for serving on a SEF board, other than the reimbursement of travel expenses or other incidental SEF expenses as provided for in section 10.1. No director will receive compensation from the SEF for any other service to the SEF outside of the duties of a director, whether under contract or otherwise.

NOTE: *These Best Practices were approved by the Pennsylvania Sustainable Energy Board on December 11, 2006.*

NOTE: The following form is to be completed and signed and

submitted each year by every Covered Person:

**Acknowledgment and Acceptance**

**and**

**Annual Financial Interest Disclosure Statement**

**for**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

[name]

*Please complete and sign this disclosure statement and return to the SEF at the address indicated below. Any changes in the future should also be reported immediately.*

1. List all positions that you hold with the SEF (*i.e.*, Director, employee, contractor, etc.):
2. List below all corporations, institutions, or organizations with which you have a Financial Interest (as defined in the Policy) that have sought, are now seeking or may in the future seek financial support from the SEF:

|  |  |
| --- | --- |
| ***Name of***  ***Company or Organization*** | ***Nature of Interest***  ***or Affiliation*** |
|  |  |

1. List below all corporations, institutions, or organizations with which your Family Members have a Financial Interest (as defined in the Policy) that have sought, are now seeking or may in the future seek financial support from the SEF:

|  |  |  |
| --- | --- | --- |
| ***Name/Relationship***  ***of Family Member*** | ***Name of***  ***Company or Organization*** | ***Nature of Interest***  ***or Affiliation*** |
|  |  |  |

I certify the following statements to be true and accurate:

* I have read and understand the SEF’s Code of Conduct, Conflict of Interest and Confidentiality Policy.
* I agree to comply with its provisions, including the requirement to file an annual Acceptance and Acknowledgement / Annual Financial Disclosure Statement.

* I certify that the information given above is complete and accurate.
* I acknowledge my responsibility to report promptly to the SEF any potential Adverse Interests of which I learn after the date of this report.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature Date

Please complete, sign and return to:

[name and address]

For questions, please contact \_\_\_\_\_\_\_\_\_\_ at \_\_\_.\_\_\_.\_\_\_\_.

**Appendix D**

**Pennsylvania Sustainable Energy Board**

**Best Practices for the Regional Sustainable Energy Funds:**

**Guidelines for the Nomination, Election and Approval of Directors**

1. **INTRODUCTION**

The Boards of Directors of the regional Sustainable Energy Funds (“SEFs”) are a vital element of the governance of these new funds. By bringing a breadth of experiences, skills and perspectives, the Directors can guide the SEFs as the funds develop new financial products and programs to meet their mission. Because of the importance of the SEF boards, it is critical that the Director nomination process be open and thorough, and that the public have a meaningful opportunity to observe and/or participate in the process. The purpose of this document is to identify the Best Practices for the process for the nomination and election of new Directors by the SEFs.

1. **THE COMPOSITION OF SEF BOARDS OF DIRECTORS**
   1. The Board of Directors of each SEF shall have seven members.
   2. The SEF board Directors will be representatives of Pennsylvania ratepayers and all other stakeholders interested in Pennsylvania’s electric utility industry.
2. **TERMS OF SEF DIRECTORS**
   1. The length of the term of a Director and the number of consecutive terms a Director may serve will be determined by the individual SEF.
   2. The terms of the Directors will be staggered so that the terms of an approximately equal number of Directors end each year.
   3. The terms of Directors will begin upon their approval by the Pennsylvania Public Utility Commission (“the Commission”).
   4. A Director whose term has expired may continue to serve on the SEF board until the Commission has approved his or her successor.
3. **RESIGNATION OF A SEF DIRECTOR**
   1. A Director may resign from a SEF board by submitting a written letter of resignation to the President of the SEF board, with copies to the Commission and to the SEF staff.
   2. Upon receipt of a resignation letter, the SEF President will notify the SEF Nominations Committee (see section 6.1) and direct them to begin the nominations process for a new Director.
4. **REMOVAL OF A SEF DIRECTOR**
   1. The Commission may remove a Director for cause on its own motion or upon a motion from the SEF that is subsequently approved by the Commission.
   2. The causes for removal of a Director include:
      1. a violation of the SEF’s Code of Conduct or of Commission Orders, regulations, or rules;
      2. the failure of the Director to attend or participate in SEF board meetings for more than three consecutive board meetings absent extenuating circumstances satisfactory to the SEF board;
      3. any other action or inaction warranting removal to protect the public interest.
   3. The SEF motion for removal of a Director must clearly identify the cause for the request for removal and must be approved at a SEF board meeting with a quorum of at least two-thirds of the sitting board and the affirmative vote of at least two-thirds of the Directors attending the board meeting.
   4. Upon receipt of the Commission Order approving the removal of a Director, the SEF President will notify the Nominations Committee and direct them to begin the nominations process for a new Director.
5. **NOMINATION OF SEF DIRECTORS**
   1. Each SEF will utilize a Nominations Committee. A SEF may utilize another board administrative committee to perform the nominations functions. The Nominations Committee will consist of members of the SEF, as determined by the SEF board. The responsibilities of the Nominations Committee are:
      1. to establish selection objectives and criteria that indicate which skills, experience and perspectives are needed by the SEF board;
      2. to provide public notice of the vacancy and to request nominations;
      3. to receive nominations for new Directors;
      4. to review the qualifications of the candidates and compare them against the selection objectives and criteria; and,
      5. to recommend a candidate for the vacancy.
   2. Whenever there is a vacancy on the board, whether by expiration of a term, resignation or removal, the Nominations Committee will review the set of skills, experience and perspectives that are already on the SEF board and will identify the board’s selection objectives and criteria for adding new skills, experience and perspectives. The selection objectives and criteria must be approved by the full SEF board prior to their adoption and public release. These selection objectives and criteria will be described in a written statement from the Nominations Committee that will be included in the notice of the vacancy and the call for nominations. The process discussed in these best practices will be used even in the case of a current Director, whose term is expiring, that the Nominations Committee wishes to include in the nominee pool.
   3. Whenever there is a vacancy on the board, whether by expiration of a term, resignation or removal, the Nominations Committee will provide public notice of the vacancy and a call for nominations by the following means:
      1. a written notice to the Commission;
      2. an electronic mail notice to the SEF’s e-mailing list if available; and,
      3. a notice on the SEF’s website.
   4. The notice of the vacancy will include the Nomination Committee’s statement of selection objectives and criteria (see section 6.2) and will invite interested persons to submit nominations to the SEF Nominations Committee.
   5. Nominations may be submitted by any person interested in Pennsylvania’s electric utility industry or clean energy technologies.
   6. Nominations will be accepted from the persons listed in section 6.5 for a period at least four weeks following the notice required in section 6.3.
   7. Nominees must notify the Nominations Committee of any criminal convictions, including felonies and misdemeanors, or if they are the subject of any current criminal investigations.
   8. The Nominations Committee will review the nominations, review the qualifications of the candidates and conduct whatever interviews it sees fit.
   9. The Nominations Committee will make a written nominations report to the SEF board. The nominations report will provide information about:
      1. the key dates and events in the nomination process;
      2. the list of individuals who were nominated for the position and identifying information about who nominated each candidate;
      3. the evaluation of the candidates against the established selection objectives and criteria;
      4. the individual recommended by the Nominations Committee; and,
      5. the results of any appropriate background check on the recommended nominee.
6. **ELECTION OF SEF DIRECTORS**
   1. New Directors will be elected at a meeting of a SEF board.
   2. The quorum for the election of Directors will be at least two-thirds of the sitting board.
   3. The SEF board has the responsibility to review the nominations and the recommendation of the Nominations Committee and to select the candidate they believe best able to satisfy the needs of the SEF to fulfill its mission, represent its various ratepayer and other constituencies, and to comply with the spirit of the original settlement agreement and the SEF bylaws. An individual is elected to the SEF board upon the affirmative vote of a majority of the Directors attending the board meeting.
7. **SUBMISSION OF THE NAME OF THE ELECTED DIRECTOR TO THE COMMISSION**
   1. Following the election of a new Director by the SEF board, the SEF will prepare and submit a letter to the SEF’s service list and the Commission’s Secretary’s Bureau at the appropriate docket number, with copies to the Technical Utility Services Bureau and Law Bureau, requesting approval of the elected Director.
   2. This request will include a copy of the nominations report prepared under section 6.9 and a biographical statement of the elected Director.
8. **REVIEW AND APPROVAL OF THE ELECTED DIRECTORS BY THE COMMISSION**
   1. The Commission will review the qualifications of the elected Director. The Commission will approve or disapprove the candidate and set forth the reasons for its decision.
   2. Upon approval of the elected Director, the SEF will publicize the approval as follows:
      1. an electronic mail notice to the SEF’s e-mailing lists;
      2. a written notice to those who nominated someone for the SEF director position; and,
      3. a notice on the SEF’s website.

NOTE: *These Best Practices were approved by the Pennsylvania Sustainable Energy Board on February 7, 2019.*

**Appendix E**

Pennsylvania Sustainable Energy Board

Best Practices for the Regional Sustainable Energy Funds:

Guidelines for Inquiries and Applications for Grants,

Loans and Equity Investments

1. **INTRODUCTION**

While Pennsylvania’s regional Sustainable Energy Funds (“the SEFs”) operate with different boards and staffs, all share the same basic goals. Therefore, it is appropriate to have shared general practices and requirements for the solicitation, acceptance for review, and evaluation of grant, equity and loan applications. This still also allows each board to consider applications based on their merits as well as on board emphasis relative to the larger mission of the SEF.

1. **DEFINITIONS**

***Application***. Written materials that are sufficient for the SEF to begin a due diligence inquiry into the soundness of a financial request. Each SEF may determine the form and content of what constitute an application for its various financial products (grants, loans and equity investments). A partial or incomplete submittal does not constitute an application.

***Inquiry.*** Any discussion about financial assistance that does not meet the standard of an application.

1. **OUTREACH PRACTICES TO GENERATE INQUIRES**

The strategies a SEF may use to generate inquiries may include the following:

* 1. Presentation and/or participation in trade shows/gatherings/conferences
  2. Participation in regional groups/associations (Green Building Alliance, Fuel Cell Working Group, etc.)
  3. Networking with State and Federal government efforts (Energy Harvest Program, Small Wind Program, etc.)
  4. Web Presence
  5. Printed materials available for distribution
  6. Board interaction
  7. Staff interaction

1. **INQUIRIES**
   1. Individuals, non-profit and/or for profit organizations interested in applying for a grant, equity or loan investment are urged to submit a letter of inquiry outlining, in no more than two pages, how the project meets the mission of the fund, the goals for the project, a brief description of the project, a description of how you intend to measure the benefits of the project, as well as the amount of the request. Letters of intent may be submitted at any time.
2. **APPLICATION PROCEDURES**
   1. Each SEF accepts applications from individuals, for-profit corporations and not-for-profit organizations.
   2. At certain times, a SEF may use the Request for Proposal (RFP) method of grantmaking. Each SEF using this grantmaking method will detail in the RFP the procedures to be used by the applicant.
   3. Each SEF will develop an application form for each of the financial products it offers.
   4. Individuals, for-profit corporations and not-for-profit organizations whose projects appear to meet the guidelines may be invited to submit a full application. An invitation to submit a full application in no way guarantees that the SEF will ultimately approve the project.
3. **APPLICATION CONTENT**
   1. While application forms may vary according to design criteria, this section describes general guidelines for the application forms.
   2. For an Application from a non-profit organization or a for-profit corporation:
      1. A brief history of your company and its current mission.
      2. The history of your company’s involvement with the proposed project.
      3. An overview of your company’s organizational structure.
      4. A copy of the company’s legal structure.
      5. Please include a copy of your company’s latest business plan.
   3. For an Application from an Individual: Describe your personal and professional background and how it relates to the project.
   4. Project Description.Describe the specific project for which you are seeking funding, including the following information:
      1. How this project fits the mission of the SEF Fund.
      2. Where in the SEF Fund’s electric service territory the project is located.
      3. How and why this site was chosen.
      4. Who benefits from this project.
      5. A description of how you intend to maintain the project in the future.
      6. A copy of the total financial projections for the project.
      7. Identify the working capital requirements for the project.
      8. Describe the company’s record keeping capabilities.
      9. Describe the timeline for this project.
      10. Describe how you will measure energy saved and/or generated.
      11. Describe how you will measure the environmental impact of the project.
      12. Describe how the SEF investment will leverage other funding for the project.
      13. The number of permanent and temporary jobs to be created by the project.
      14. If the project has an educational component, describe who will be served and whether or not this will be formal and/or informal education.

## Management Team

* + 1. Provide biographical data on each of the key management personnel.
    2. Describe previous work experience of key personnel with this type project.
    3. If a management gap exists, describe how you intend to fill that gap.
  1. Financial Request.Describe the specific financial request being made to the fund:
     1. The amount of the request.
     2. Provide a budget for the project
     3. Provide the most recent company financials

1. **APPLICATION REVIEW AND DECISION PROCESS**
   1. Each SEF will set up its own application review and decision process.
   2. After receiving the application and doing an initial due diligence, a site visit or a meeting at the SEF office may be scheduled. Following the site or office visit, staff or outside counsel may complete due diligence which may result in a request for additional information. Staff then may forward it to the appropriate SEF Committee, which may or may not request additional information.
   3. The amount of time required to consider an application will vary with the complexity of the application, but applicants should consider 90 days from the date a complete application is received by the SEF to be the norm.
   4. Each final decision of a SEF on an application should be communicated in writing to the applicant within a reasonable timeframe, usually seven business days following the final decision.
      1. If the application was approved, the SEF staff will work with the applicant to prepare the necessary grant, loan or equity investment documents. These documents may contain the expected outcomes for the project, a design for measuring the outcomes, a timeline for completion of project activities, for which the grant, equity or loan investment is approved, a schedule of payments, if appropriate, expected accounting procedures to be followed by the recipient, how publicity for the project may be handled, who may use materials generated by the project and the use of the SEF logo.
      2. If the application was denied, the SEF staff will inform the applicant in writing the reason(s) for the denial.

NOTE: *These Best Practices were approved by the Pennsylvania Sustainable Energy Board on February 6, 2020.*

1. *Application of PECO Energy Company for Approval of its Restructuring Plan under Section 2806 of the Public Utility Code, et al.*, Docket Nos. R-000973953, P-00971265 (Order entered May 14, 1998); *Application of Pennsylvania Power & Light Company for Approval of its Restructuring Plan under Section 2806 of the Public Utility Code, et al.*, Docket No. R-000973954 (Order entered August 27, 1998); *Application of West Penn Power Company for Approval of its Restructuring Plan under Section 2806 of the Public Utility Code, et al.*, Docket No. R-000973981 (Order entered November 19, 1998); *Application of Metropolitan Edison Company for Approval of its Restructuring Plan under Section 2806 of the Public Utility Code, et al.*, Docket No. R-000974008 (Order entered October 20, 1998); *Application of Pennsylvania Electric Company for Approval of its Restructuring Plan under Section 2806 of the Public Utility Code, et al.*, Docket No. R-000974009 (Order entered October 20, 1998). [↑](#footnote-ref-1)