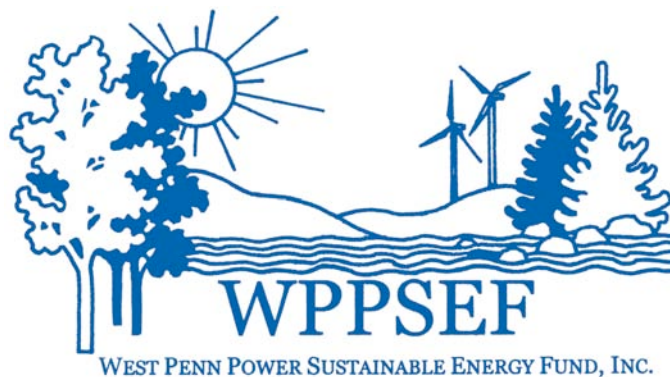


The 2005 Annual Report of the West Penn Power Sustainable Energy Fund



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I. INTRODUCTION

The West Penn Power Sustainable Energy Fund (WPPSEF) is pleased to submit its 2005 Annual Report to the Pennsylvania Public Utilities Commission. In 2005, the Fund entered its fourth year of providing funding to:

- Promote the use of renewable and clean energy;
- Promote energy conservation and energy efficiency; and
- Promote the start-up, attraction, expansion, and retention of sustainable energy businesses.

This Annual Report discusses the accomplishments made by the WPPSEF during the twelve-month period from January 1 to December 31, 2005. During that time frame, the WPPSEF activities continued to increase from previous years as its programs and initiatives became more visible within the West Penn Power (WPP) service region and across the Commonwealth.

II. FINANCIAL APPROVALS

During 2005, the WPPSEF Board of Directors approved \$3,524,496 to co-fund 17 funding requests, which had a total value of \$61,739,983. A breakdown of these approvals is presented in Table 1.

Table 1. 2005 WPPSEF Financial Approval Summary

Funding Type	Number	Project Costs	
		WPPSEF Funding	Total Project Cost
Program-Related Investments	2	\$1,500,000	\$39,225,000
Strategic Initiatives	2	\$1,503,500	\$21,000,000
Grants	7	\$450,000	\$724,233
Sponsorships & Memberships	6	\$70,996	\$790,750

A. Program-Related Investments

The WPPSEF Board approved \$1,500,000 to co-fund two program-related investments in 2005. These two projects had a reported project cost of \$39,225,000. The program-related investment approvals included the following:

- \$1,000,000 to Community Energy, Inc., to co-fund the construction of the 24.0 MW Bear Creek Wind Farm. The Bear Creek farm is located approximately 10 miles southeast of Wilkes-Barre in Luzerne County, PA. The WPPSEF participated in a syndicated financial offering between Pennsylvania's sustainable energy funds (PA-SEFs), which collectively provided \$5,750,000 of the \$38,725,000 project costs. The Bear Creek Wind Farm was the first in Pennsylvania to utilize Gamesa 2.0 MW wind turbines. The wind farm was in the final stage of construction when the 2005 calendar year ended.
- \$500,000 to Plextronics, Inc., to support the development and deployment of their organic-based light-emitting diode (LED) technology.

B. Strategic Initiatives

The WPPSEF Board of Directors may develop and co-fund initiatives they believe are of strategic interest to the WPPSEF and the WPP ratepayers. In 2005, the WPPSEF approved co-funding for the continued development and deployment of the Keystone Home Energy Loan Program and for a WPPSEF informational bulletin.

Keystone Home Energy Loan Program (Keystone HELP). The WPPSEF has been working on developing a residential loan program for the WPP service region since late 2003. It was envisioned that Keystone HELP would be a residential loan program that would support home energy improvements that utilizing Energy Star certified products, and be developed in a manner enabling the expansion of the program throughout Pennsylvania and beyond.

During 2005, this program was launched, and is poised for rapid expansion beyond the WPP service region in 2006. The WPPSEF Board approved a total of \$1,483,500 to support the deployment of Keystone HELP in 2005. Program milestones and funding commitments are summarized below:

- Fall-Winter, 2003: The WPPSEF Board of Directors authorizes the WPPSEF staff to begin compiling and evaluating residential loan programs that provide financial incentives and/or loans to make energy efficiency improvements around the home.
- Spring 2004: The WPPSEF Board approves using the Gemstone Group to add more financial expertise to the WPPSEF staff to accelerate the development of the Keystone HELP model.
- Summer 2004: WPPSEF develops and releases a request-for-proposal to identify a third-party service provider for Keystone HELP.
- February 1, 2005: Applicants for the Keystone HELP third-party service provider are interviewed.
- February 10, 2005: AFC First Financial of Allentown, PA, is selected as WPPSEF's third-party service provider for Keystone HELP.
- April 12, 2005: The WPPSEF Board of Directors approve \$13,500 to AFC First Financial to deploy Keystone HELP throughout the 23-county WPP service region. AFC First Financial provides \$13,500 in a program match. These monies are used to train local contractors and begin marketing the program.
- April 12, 2005: The WPPSEF Board of Directors approve \$370,000 to buy down the loan rates to 7.99% (five-year term) and 9.99% (ten-year term) as a mechanism to start the Keystone HELP in the WPP service region.
- Summer 2005: AFC First Financial works with the WPPSEF to develop the Keystone HELP contractor infrastructure throughout the WPP service region. AFC First Financial secures additional funding from the Pennsylvania Energy Development Authority to begin broadening the reach of Keystone HELP.
- November 18, 2005: The WPPSEF Board of Directors approves \$1,000,000 for investing in the Keystone HELP loan pool. This will enable a smooth transition from the loan rate buydown to providing the WPPSEF with a modest return on its investment.
- December 8, 2005: The WPPSEF Board of Directors approve \$100,000 for the Keystone HELP reward program for WPP ratepayers for the following technologies: solar (photovoltaic and hot water), geothermal heat pumps, and residential-scale wind power.

- Late December, 2005: The Pennsylvania State Treasury Department schedules a press release for January 12, 2006, to announce the investment of \$20,000,000 in base funding to expand Keystone HELP throughout Pennsylvania. Pennsylvania's other regional sustainable energy funds evaluate their participation in Keystone HELP.
- December 31, 2005: The WPPSEF and AFC First Financial complete the transition from the loan rate buydown model to the loan pool funding model.

WPPSEF Informational Bulletin. The WPPSEF Board approved \$20,000 to produce an informational bulletin that showcases the WPPSEF activities and selected sustainable energy businesses in the WPP service region. It is envisioned that the informational bulletin will be completed by the end of 2006.

C. Grants

In 2005, the WPPSEF issued a request-for-proposals (RFP) to solicit proposals in two broad program areas: the development of energy efficiency toolkits and clean energy technology deployment within the WPP service region, as part of its core grantmaking opportunities. The 2005 RFP is provided in Appendix A.

The WPPSEF Board approved \$350,000 to co-fund five grant requests that were selected from the proposals generated as part of the RFP process. These five projects had a reported total project cost of \$554,233. These 2005 grant approvals included the following:

- \$25,000 to the Pennsylvania Department of Conservation and Natural Resources to develop and install a sustainable energy demonstration and educational exhibit in a state park within the WPP service region. It is anticipated that the exhibit will be a small-scale wind turbine and/or solar photovoltaic display. The reported total cost of this project is \$43,000.
- \$275,000 to develop a high-performance residential construction program that utilizes Energy Star or better building technologies. The WPPSEF has assembled a team with broad expertise to accomplish this. The WPPSEF awarded \$115,000 to Penn State's Housing Research Center to focus on market-based residential construction, \$75,000 to Affordable Comfort which is focused on affordable housing, and \$85,000 to Penn State's Public Broadcasting to develop a documentary on high-performance construction techniques for airing on public broadcast stations throughout the Commonwealth. These three programs have a total project cost of \$411,233.

- \$50,000 to PBCI-Allen Mechanical to identify and deploy innovative, low-cost drilling technology to reduce the cost of geothermal heat pump well fields. The total cost of this project is reported as being \$100,000.

In addition to the 2005 grantmaking RFP, the WPPSEF provided additional grant dollars to the following:

- \$100,000 to the Fayette County Community Action Agency (FCCAA), Community Action Southwest, and Westmoreland Human Opportunities to expand the WPPSEF/ FCCAA smart thermostat program for reducing electric and/or natural gas utility bills in the affordable-housing sector.
- \$55,000 to expand the installation of solar photovoltaics at the Washington County airport. This expanded funding will lead to WPPSEF's total funding level of \$70,000.

D. Sponsorships & Memberships

In 2005, the WPPSEF approved six funding requests that were used to co-sponsor conferences or as membership dues to sustainable energy associations. The WPPSEF Board approved \$70,996 to participate in these activities, which had a reported value of \$790,750. These approvals included the following:

- \$2,500 to the Pennsylvania Oil & Gas Association to co-sponsor an intensive one-day conference on September 14 at the Pittsburgh Marriott North hotel located in Cranberry, PA. The conference brought natural gas producers, suppliers, and distributors together with power generators and industrial consumers to discuss the outlook for natural gas supply and demand in the Commonwealth. In addition to conventional sources of natural gas, the WPPSEF worked with the conference planner to ensure that gas from unconventional sources (e.g., landfill and coal-bed methane) were showcased at the conference. The WPPSEF developed and staffed a 10'x10' exhibit at the conference. The reported cost of this one-day conference was \$17,500.
- \$12,000 to Media Networks, Inc., (MNI) to co-sponsor a statewide, full-page, four-color advertisement on the 2006 Pennsylvania Clean Energy Expo. The Expo advertisement will be placed in the March 6, 2006, edition of Newsweek magazine with a Pennsylvania circulation of 158,000 copies.
- \$50,000 to Affordable Comfort, Inc., (ACI) to attract the nationally recognized ACI Home Performance conference to Pennsylvania in 2008. The five-day ACI conference is a premier building science event. It is held annually in the United States. The site selection for this national conference is competitive. The conference attracts between 1,000 and 1,400 building professionals and provides \$1,000,000 to the local economy. The 2006 ACI Home Performance conference will be held in Austin, TX, followed by Cleveland, OH, in 2007.

The WPPSEF will work with the ACI Board of Directors, planning committees, and exhibitors to make this conference a national success. The conference will be held in Pittsburgh, PA, in April 2008. The conference has an approximate operating budget of \$200,000.

- \$1,000 to the Green Building Association of Central Pennsylvania for a bronze-level 2006 membership.
- \$250 to the American Wind Energy Association (AWEA) for non-profit 2005 membership.
- \$5,246 to the Clean Energy States Alliance (CESA) for WPPSEF's membership dues (July 1, 2005, to June 30, 2006). The reported total budget of the CESA work is \$560,000.

III. STRATEGIC ALLIANCES & MARKETING

The development, deployment, and promotion of sustainable energy technologies in Pennsylvania involve building a network of strategic alliances between Pennsylvania's regional sustainable energy funds, the Pennsylvania Sustainable Energy Board, federal and state agencies, the private sector, and various organizations throughout the Commonwealth. In 2005, the WPPSEF continued to expand the breadth of its strategic alliances formed in previous years.

A. Pennsylvania Regional Sustainable Energy Funds

Pennsylvania's sustainable energy funds (PA-SEFs) work together to stimulate the development of sustainable energy technologies and businesses in Pennsylvania. The following collaborative activities were conducted in 2005:

- Pennsylvania's regional sustainable energy funds (PA-SEFs) continued their partnership in the Clean Energy States Alliance (CESA). CESA is a non-profit organization that provides information and technical services to fourteen clean energy funds in the United States. All of Pennsylvania's regional sustainable energy funds committed funding to CESA in 2005. By pooling funding, each of the regional funds reduced its CESA membership cost.
- PA-SEFs worked closely to approve \$5,750,000 in syndicated funding to the 24.0 MW Bear Creek Wind Farm.
- The 2006 Pennsylvania Clean Energy Expo is being organized by the WPPSEF and The Pennsylvania State University. All of Pennsylvania's regional

sustainable energy funds are providing co-funding to the Expo for the targeted 15,000+ attendees.

B. Pennsylvania Sustainable Energy Board

The regional PA-SEFs worked closely with the Pennsylvania Sustainable Energy Board (PA-SEB) to develop a series of Best Practice Guidelines in the following areas:

- Nomination, Election and Approval of Directors;
- Inquiries and Applications for Grants, Loans and Equity Investments;
- Code of Conduct, Conflict Of Interest and Confidentiality Policy; and
- Reconsideration and Appeal.

In addition, the WPPSEF provided an overview of its activities at the PA-SEB Annual Meeting, held at the Commonwealth Keystone Building on September 15, 2005. The WPPSEF provided handouts to the meeting attendees.

C. Pennsylvania Biomass Working Group

The Pennsylvania Biomass Working Group (PA-BWG) is a coalition of agencies and businesses that are focused on promoting the use of Pennsylvania's indigenous biomass resources for bioenergy applications. The activities of the PA-BWG are co-funded by the U.S. Department of Energy and are managed by the Pennsylvania Department of Agriculture.

The WPPSEF continued working with the PA-BWG to gain a better understanding on the amount, type, and distribution of Pennsylvania's biomass resources. The Pennsylvania Department of Environmental Resources, in collaboration with the WPPSEF and Penn State's Energy Institute, are co-funding a statewide study that will develop an interactive electronic Pennsylvania biomass database that can be accessed by potential biomass end users. The study will be completed in 2006.

D. U.S. Department of Energy

The U.S. Department of Energy (DOE) provides an enormous amount of technical and financial assistance to Pennsylvania. In 2005, the WPPSEF continued working closely with the DOE's Energy Efficiency and Renewable Energy (EERE) Mid-Atlantic Regional

Office located in Philadelphia. The WPPSEF continued its support of the Energy Star program by expanding Keystone HELP and through the establishment of a residential construction program that incorporates Energy Star building techniques. In addition, the DOE is co-funding the 2006 Pennsylvania Clean Energy Expo and assisting the WPPSEF in identifying exhibitors. The WPPSEF will strengthen its relationship with the DOE in 2006.

E. 2006 Pennsylvania Clean Energy Expo

The 2006 Pennsylvania Clean Energy Expo will serve as a premier clean energy showcase for Pennsylvania and build from the success of the 2004 Expo. Although the 2006 Pennsylvania Clean Energy Expo will not be held until March 31 – April 1, planning for the event has been ongoing in 2005. Goals for the upcoming Expo include:

- Targeting consumers as the primary audience,
- Targeting exhibitors from across the nation,
- Providing free admission and parking,
- Filling 270 exhibit spaces (the 2004 Expo had waiting list),
- Attracting 15,000+ attendees for the two-day event, and
- Marketing including a mix of TV, radio, and print efforts.

F. Penn State Public Broadcasting

The WPPSEF continues to work with Penn State Public Broadcasting in its public outreach efforts. Penn State Public Broadcasting with WPPSEF funding completed a 26-minute documentary entitled “Pennsylvania Energy,” which showcases many of the sustainable energy technologies now taking root in Pennsylvania. In 2005, the WPPSEF looked to expand its public outreach with the development of a documentary that will feature the importance of incorporating energy efficiency technologies new home construction. Penn State Public Broadcasting will begin filming in 2006 with the goal of airing the documentary by mid- 2007.

G. Meetings & Networking

The WPPSEF worked with several organizations and businesses in 2005 to discuss the Fund's activities and potential opportunities for collaboration. Key meetings and/or presentations were made with the following organizations:

- AFC First Financial,
- Affordable Comfort,
- Agriculture Commodities,
- Allegheny Power,
- Alternative Fuels Renewable Energy Council,
- Ben Franklin Technology Partners,
- Caracal,
- Citizens for Pennsylvania's Future,
- Clean Energy States Alliance,
- Community Action Southwest,
- Community Energy,
- GE Wind,
- Gemstone Group,
- FPL Energy,
- Fayette County Community Action Agency,
- Innovation Works,
- Lightstat,
- MaGrann Associates,
- Native Energy,
- Omega Piezo,
- PBCI-Allen Mechanical & Electrical Contractors,
- Pennsylvania Biomass Working Group,
- Pennsylvania Builders Association,
- Pennsylvania Department of Agriculture,
- Pennsylvania Department of Conservation and Natural Resources,
- Pennsylvania Department of Economic and Community Development,
- Pennsylvania Department of Environmental Protection,
- Pennsylvania Housing Finance Agency,
- Pennsylvania Oil & Gas Association,
- Pennsylvania State University
- Pennsylvania Sustainable Energy Board,
- Pennsylvania Technical Assistance Program,
- Pennsylvania Treasury Department,
- Pennsylvania Turnpike Commission,
- Plextronics, Inc.,
- Regional Economic Development District Initiatives of South Central Pennsylvania,
- SEDA-COG,
- Solar Power Industries,
- Soy Energy,
- U.S. Department of Energy (Energy Efficiency and Renewable Energy),
- Washington County Airport,
- Westmoreland Human Opportunities,
- World Kitchen.

IV. ORGANIZATIONAL

The WPPSEF continues to streamline its daily operations while improving the quality of its services in 2005.

A. WPPSEF Administration

The WPPSEF administration consists of a seven-member board of directors that provides oversight to the Fund and an administrative staff that oversees the day-to-day operations. Individual board members are selected by the Fund through a search process and then are nominated for approval by the Pennsylvania Public Utility Commission. All board members serve on a volunteer basis.

Mr. Craig Kuennen resigned from the WPPSEF Board on December 19, 2005, and his vacated position will be filled in early 2006.

The WPPSEF Board of Directors as of December 31, 2005, was:

- Ed Johnstonbaugh, *President*
 - ▶ New York Power Authority
- Michele Ponchione, *Vice President*
 - ▶ World Kitchen
- Rob Hosken, *Secretary*
 - ▶ Three Rivers Association for Sustainable Energy
- Pat O'Brien, *Treasurer*
 - ▶ WesBanco Washington
- Linda Boxx
 - ▶ Katherine Mabis Foundation
- Jim Stark
 - ▶ Family Service Center

The WPPSEF Board of Directors selected The Pennsylvania State University to serve as the Fund's administrator and the Economic Growth Connection of Westmoreland County to provide financial services to the Fund. In addition, the Fund utilizes the services of

Energetics and the Gemstone Group on an as-needed basis. The Fund strives to keep its total staff commitment to less than two full-time equivalent positions per year.

The WPPSEF staff as of December 31, 2005, was:

- Joel Morrison, Fund Administrator
 - ▶ The Pennsylvania State University (The Energy Institute)
- John Skiavo and James Smith
 - ▶ Economic Growth Connection of Westmoreland County

Additional support to the WPPSEF is provided by:

- Joe Badin
 - ▶ Energetics
- Gary Kleinman and Adam Stern
 - ▶ Gemstone Group

B. Board Meetings

The WPPSEF schedules its board meetings at the beginning of each calendar year. Full board meetings are every two months. In addition, the WPPSEF Board has developed three working groups (administrative, investment, and grantmaking) that meet on an as-needed basis.

In 2005, the WPPSEF Board of Directors met on:

- February 10 (Greensburg, PA @ Allegheny Energy)
- April 14 (Greensburg, PA @ Allegheny Power)
- June 2 (Greensburg, PA @ Westmoreland Conservation District)
- August 11 (Charleroi, PA @ World Kitchen)
- October 13 (Pittsburgh, PA @ Phipps Conservatory)
- December 8 (Greensburg, PA @ Allegheny Power)

C. Web Site

The WPPSEF Web site is updated throughout the calendar year as new projects are funded and programs developed. The WPPSEF Web site is at <http://www.wppsef.org>.

V. UPCOMING ACTIVITIES

The WPPSEF anticipates a very active year in 2006. Some of the planned activities include:

- 2006 Pennsylvania Clean Energy Expo (March 31 - April 1). The Expo will serve as a focal point where many of Pennsylvania's sustainable energy businesses will converge to showcase their products and services to Expo attendees,
- Expansion of Keystone HELP across the Commonwealth,
- Release of a 2006 request-for-proposal that will focus on the deployment of industrial energy efficiency technologies, and
- Completion of a statewide biomass inventory study co-funded by the WPPSEF, Pennsylvania Department of Environmental Resources, and The Pennsylvania State University.

VI. FINANCIAL REPORT

The WPPSEF contracted with Delisi & Associates, P.C., located in Greensburg, PA, to perform the Fund's 2005 annual financial audit. As of December 31, 2005, the WPPSEF net assets were \$12,076,800.

VII. CONCLUDING REMARKS

The WPPSEF is very proud of its programs and will continue to expand and diversify them in the upcoming year. In 2005, the statewide deployment of sustainable energy technologies was expanded in Pennsylvania, and the level of activity is expected to continue into 2006.

The commitment of \$3,524,496 by the WPPSEF to co-fund seventeen requests is one of the largest annual commitments made since the Fund's inception. The number of projects is increasing, the quality of the funding requests is improving, and the infrastructure needed to deploy sustainable energy is broadening. The WPPSEF will continue to seek and co-fund new, innovative technologies for deployment in 2006.

VIII. APPENDIX A: 2005 GRANTMAKING RFP

The 2005 grantmaking RFP is provided.



THE WEST PENN POWER SUSTAINABLE ENERGY FUND



Grantmaking Opportunities



**Submission Deadline:
April 20, 2005 (4:00 PM, EST)**

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1.0 BACKGROUND

The West Penn Power Sustainable Energy Fund (WPPSEF) was established as a non-profit organization as part of the West Penn Power Restructuring Plan Settlement Agreement with the West Penn Power Company and the Pennsylvania Public Utilities Commission in October 1998.

The mission of the WPPSEF is to:

- ✓ Promote the use of renewable fuel and clean energy;
- ✓ Promote energy conservation and energy efficiency; and
- ✓ Promote the start-up, attraction, expansion, and retention of sustainable energy businesses.

The WPPSEF is focused on fulfilling its mission within the 23-county West Penn Power (WPP) service region shown in Figure 1. Applicants applying for WPPSEF grant monies must clearly show benefit to the WPP ratepayer.

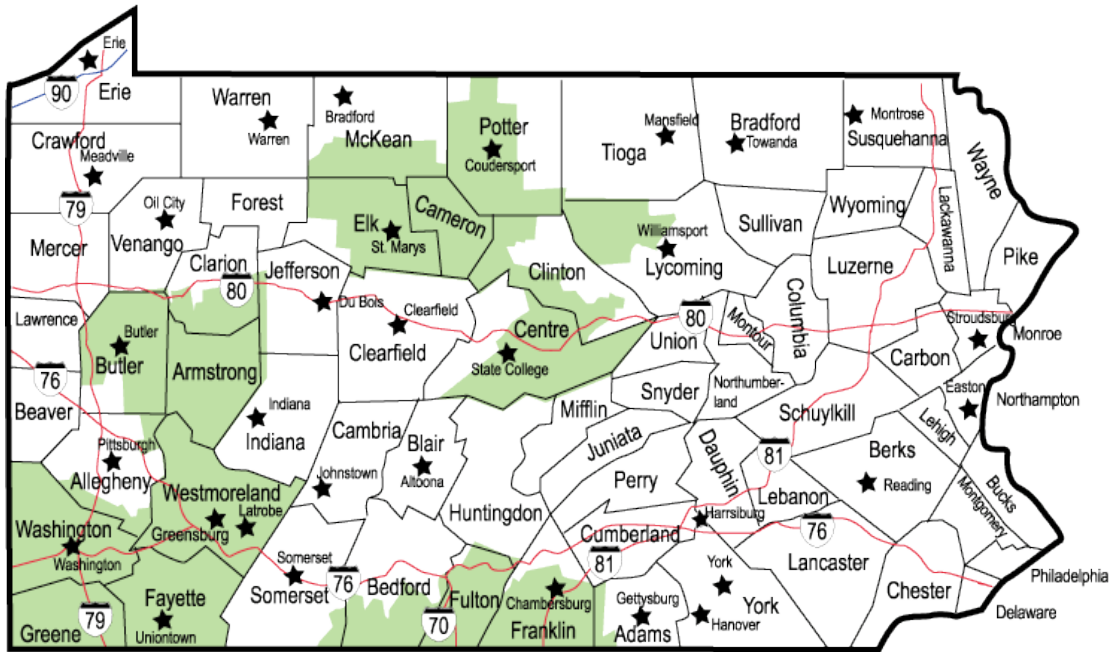


Figure 1. WPP Service Region.

2.0 GRANTMAKING OPPORTUNITIES

In 2005, the WPPSEF grantmaking efforts will be conducted in two funding cycles. This request-for-proposal (RFP) represents the first funding cycle. The second RFP will be released in the July 2005 timeframe. Program funding areas will be adjusted during each funding cycle to meet WPPSEF program needs.

In this funding cycle, the WPPSEF is seeking proposals in two broad areas: 1) development of energy efficiency toolkits, and 2) clean energy technology deployment within the WPP service region.

2.1 Energy Efficiency Toolkits

In 2005, the WPPSEF seeks to develop toolkits that promote energy efficiency in the following areas:

- ✓ Sector Toolkits; and
- ✓ Energy Star Construction.

All of these initiatives need to demonstrate how they will be implemented within the WPP service region; however, broader applicability to other portions of Pennsylvania is encouraged. Technology transfer for both of these toolkits should involve planning to be part of an upcoming Clean Energy Expo that will be held in State College, PA in April 2006.

2.1.1 Sector Toolkits

WPPSEF seeks to provide the residential, agriculture, commercial, and industrial sectors with a toolkit that provides general information, instructions, and resources on how they can reduce their energy usage. The toolkits should be developed with the understanding that they are for use in Pennsylvania and that they will be distributed electronically in modules either in the form of a CD/DVD and/or web-based Acrobat PDF files.

At a minimum, the following should be conducted:

- ✓ Literature search to identify what programs already exist for these sectors and then cited and summarized;
- ✓ For each sector, a top ten scorecard developed listing ten easy ways to reduce energy costs;
- ✓ Listing of businesses/ vendors which can be utilized by each sector that perform energy audits/ and materials selection and assist in their implementation;
- ✓ Listing of financing and grant options for each sector to implement energy saving recommendations which is to include government and private sources;
- ✓ A series of workshops planned to showcase and distribute program information; and
- ✓ Metrics to measure program effectiveness.

Anticipated Project Profile

The WPPSEF is envisioning the following:

- ✓ Project Period: 6-12 months
- ✓ Estimated number of awards: 1
- ✓ Funding Level: \$50,000 - \$80,000
- ✓ Cost share requirement: Not required; however, encouraged.

The WPPSEF will require the grantee to provide full, unrestricted access to the final products, without copyright restrictions, and to make additional copies as needed or use excerpts or graphics contained within the document on an as-needed basis.

2.1.2 Energy Star Construction

WPPSEF seeks to develop a program to educate contractors and consumers on Energy Star construction for both new residential construction and existing residential structures. The program is to be developed specifically for use in Pennsylvania. The primary goal of this program is to build the demand for Energy Star construction among consumers and to establish a network of contractors that desire to build using Energy Star guidelines. Particular focus should be given to the 23-county WPP service region but should be developed for further expansion throughout Pennsylvania. The Energy Star construction toolkit should be developed with the understanding that they will be distributed

electronically in modules either in the form of a CD/DVD which could be converted to web-based Acrobat PDF files.

Applicants need to have a well-established working relationship with Pennsylvania building associations and contractors and have an existing infrastructure in place to deliver this project to the marketplace. In addition, the applicant will need to work closely with the U.S. Department of Energy (DOE) and U.S. Department of Environmental Protection Agency (EPA) to design the Pennsylvania effort to be consistent with Energy Star program goals.

It is envisioned that that project will consists of two modules, one for consumers and the other for contractors. A roadmap on how the program is to be conducted prior to the development of the modules. Roadmap elements should include, but is not limited to, the following:

- ✓ What are the barriers to expanding Energy Star construction how can they be overcome;
- ✓ Where has the Energy Star construction been successful and why;
- ✓ How can the program utilize existing and possibly future resources provided by DOE, EPA, and the Commonwealth of Pennsylvania;
- ✓ A listing of contractors presently building to Energy Star guidelines;
- ✓ A listing of contractors that presently do not build to Energy Star guidelines and might be willing to do so;
- ✓ How the program should be introduced and marketed to contractors and consumers;
- ✓ How to measure program success; and
- ✓ Description of consumer and contractor modules.

The Energy Star contractor and consumer modules, at a minimum, should contain the following:

- ✓ A general discussion of Energy Star construction program elements;
- ✓ A tutorial for contractors on how to build Energy Star qualified homes, how they can become an Energy Star partner, and how contractors can use their Energy Star home line to differentiate themselves in the marketplace;
- ✓ A tutorial for consumers on the benefits of owning an Energy Star qualified home, an Energy Star energy savings calculator, an Energy Star checklist for consumers which they can provide to contractors to facilitate construction to Energy Star standards, and guidance on how home owners can obtain Energy Star certification for their home.

Anticipated Project Profile

- ✓ Project Period: (12-18 months)
- ✓ Estimated number of awards: 1
- ✓ Funding Level: \$75,000 - \$150,000
- ✓ Cost share requirement: Not required; however, encouraged.

2.2 Clean Energy Technology Deployment

The WPPSEF seeks to assist the deployment of clean energy technologies within the WPP service region. The WPPSEF co-funding will be directed towards those technologies, which have not been commercially demonstrated but show great potential for becoming a commercially viable technology within 1-2 years of funding. These clean energy deployment grants are considered Phase 1 funding for projects that require additional technology-base development before they can be considered as financially viable, revenue generating business ventures. Projects that are more mature and have a near-term business plan may apply to WPPSEF for debt/equity financing. Grants are to cover a one-year period and then grantees have the option to submit a business plan to WPPSEF and apply for traditional financing.

The following are examples of priority project areas:

- ✓ Innovative bioenergy projects geared to utilizing Pennsylvania indigenous biomass resources for green heat applications; and
- ✓ Innovative geothermal heat pump projects which are focused on reducing the installation and/or hardware costs.

The following are examples of other project areas:

- ✓ Innovative wind or solar projects;
- ✓ Innovative energy conservation/ efficiency projects; and
- ✓ Non-conventional natural gas recovery projects.

Project examples above are not intended to be a complete list of possible project proposals that could obtain co-funding. WPPSEF grantmaking is designed to remain open to all new technologies that foster the potential for the growth of a sustainable energy industry in the WPP service region and throughout Pennsylvania.

Anticipated Project Profile

- ✓ Project Period: 9-12 months
- ✓ Estimated number of awards: 2-4
- ✓ Funding Level: \$15,000 - \$50,000
- ✓ Cost share requirement: Minimum 25%, Expected range: 25-75%

3.0 SUBMITTING A FUNDING REQUEST

The WPPSEF is pleased to provide these grantmaking opportunities to facilitate the adoption of clean energy technologies throughout the WPP service region.

3.1 Application Deadline and Submission

The deadline for receipt of proposals is **4:00 PM (EST) on April 20, 2005**. Proposals submitted after the deadline will be returned to the applicant. A signed original and five (5) copies should be submitted to the WPPSEF Program Administrator at the following address:

Mr. Joel L. Morrison
WPPSEF Program Administrator
The Pennsylvania State University
C-211 CUL
University Park, PA 16802-2323

3.2 Proposal Format and Content

Applicants are required to submit their proposal on standard 8 1/2" x 11" letter size paper with 1" margins. Each proposal is to be stapled and three holed punched. Font size type must be 10 pt. or greater and line spacing should be single space or greater.

Appendix A contains the standard WPPSEF forms that need to be completed for all incoming funding requests. Attachment A is a checklist that the applicant can use to ensure all required information is provided. Attachment B is the proposal cover sheet. Attachment C is budget page that should be used.

Cover Sheet One (1) page maximum – Use Attachment B

Table of Contents One (1) page maximum

Executive Summary One (1) page maximum
Applicants are required to provide a one-page summary of the proposed project.

Statement of Work Six (6) page maximum
The main body of the proposal should outline the plan of work, including the broad design of activities to be undertaken and how the project results will be documented for reporting purposes.

Project Milestone One (1) page maximum
A plan which establishes the time schedule for accomplishing the work. The plan should include major milestones of the project in bar chart format and should cover the complete period of performance.

Proposed Budget Two (2) page maximum – Use Attachment C
The submission of a itemized budget is an important part of the proposal. The itemized budget is to include total project cost by category.

Cost-Share Commitments Three (3) page maximum
Cost share may be required for WPPSEF funding.

- ✓ Development of Toolkits to Promote the Efficient Use of Energy: Not required, but encouraged.
- ✓ Clean Energy Technology Deployment: A minimum of 25% is required.

A minimum of 25% cost-share is required for the clean energy deployment grants. Cost share must be verified by providing letters of commitment. Cost share may be in the form of cash and third party in-kind is acceptable as part of the matching if they meet the following criteria:

- ✓ Are verifiable, necessary and reasonable for proper and efficient accomplishment of the project;
- ✓ Are incurred within the project performance period, previously expended research, development, or exploration costs are unallowable; and
- ✓ The value of patents and data contributed to the project is unallowable as cost sharing.

Biographical Sketches One (1) page per person maximum
The Principal Investigator of the proposed project is required to submit a one (1) page vitae. Each vitae should include educational background, professional experience, honors and professional activities. Additional vitae can be submitted for key co-investigators.

Letters of Support Three (3) letters maximum
Letters of support from outside sources are encouraged, but not mandatory.

3.3 Project Documentation

Documenting project results is important to the WPPSEF. Projects that receive funding will be required to submit quarterly progress reports throughout their period of performance and a final report once the project has been completed.

3.4 Additional Information

Additional questions should be forwarded to the WPPSEF Administrator. Questions should be submitted via e-mail to wppsef@ems.psu.edu or contact Mr. Joel Morrison at (814) 865-4802.

4.0 APPENDIX A

Appendix A contains three attachments, which are required to be submitted with all funding requests. These attachments include:

ATTACHEMENT A: Proposal Checklist

ATTACHEMENT B: Proposal Cover Sheet

ATTACHEMENT C: Proposed Budget Page

ATTACHMENT A – PROPOSAL CHECKLIST

PI _____

Project Title _____

To assure that your application is complete, please complete and staple the proposal checklist to the cover sheet of the original (signed) copy of the proposal. Be sure the following items are included in the following order.

_____ Cover Sheet (Attachment B) - signed by PI and authorized representative

_____ Executive Summary (one page maximum)

_____ Proposed Statement of Work (six page maximum)

_____ Project Milestone (one page maximum)

_____ Proposed Budget (Attachment C)

_____ Cost-Share Commitment Letters

_____ PI and Co-Investigator Vitas (one page per person maximum)

_____ Letters of Support

_____ Required number of copies (original + 5 copies)

ATTACHMENT B – PROPOSAL COVER SHEET

Proposal Submitted to:

Mr. Joel L. Morrison
WPPSEF Program Administrator
The Pennsylvania State University
C-211 CUL
University Park, PA 16802-2323

Date of Submission _____

Company Name _____

Title of Proposal _____

Program Area Energy Efficiency Sector Toolkits
 Energy Star Construction
 Clean Energy Technology Deployment

Amount Requested from WPPSEF \$ _____

Cost Share Commitments Cash \$ _____

In-Kind \$ _____

Total Project Costs \$ _____

Principal Investigator _____

Phone: _____ Fax: _____ Email: _____

Address: _____

Other Participants: _____

Submitted by:

Approved by:

Signature of PI

Authorized Representative

ATTACHMENT C – PROPOSED BUDGET

	<u>REQUESTED WPPSEF</u>	<u>COST-SHARE</u>
<u>Salaries and Wages</u> List individually all personnel identified in the proposal. Include title and percent of effort.	\$ _____	\$ _____
<u>Fringe Benefits</u>	\$ _____	\$ _____
<u>Materials and Supplies</u> List types required and estimated costs.	\$ _____	\$ _____
<u>Equipment</u> Items exceeding \$5,000 and 1-year useful life are defined as permanent equipment. List item and dollar amount for each amount. Justify and/or provide quotation.	\$ _____	\$ _____
<u>Travel</u> State the type and extent of travel and its relation to the project. Itemize by destination and estimated costs.	\$ _____	\$ _____
<u>Other Direct Costs</u> Itemize and justify. (*See note below)	\$ _____	\$ _____
_____	\$ _____	
_____	\$ _____	
<u>Facilities and Administration (F&A)</u> Specify current rate(s) and base.	\$ _____	\$ _____
TOTALS	\$ _____	\$ _____

*** May attach up to two additional pages of justification covering all items.**