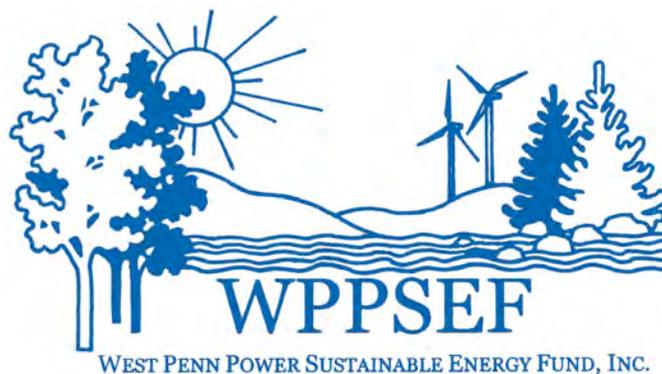


The 2008 Annual Report of the West Penn Power Sustainable Energy Fund



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INTRODUCTION AND HIGHLIGHTS

In 2008, the West Penn Power Sustainable Energy Fund (WPPSEF) entered its seventh 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.

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.

During 2008, the WPPSEF Board approved \$4,953,240 to co-fund 17 funding requests. Key accomplishments in 2008 include:

Investing in clean energy. The WPPSEF committed \$2,000,000 to support Solar Power Industries (SPI) plant expansion to manufacture solar PV modules and panels in Pennsylvania. This strategic investment in “made-in-PA” solar PV will assist the Commonwealth to significantly increase the amount of installed solar PV and for the expansion of SPI workforce and manufacturing in western PA.

Investing in energy efficiency. The WPPSEF expanded its investment in the PA Home Energy program by allocating up to \$1,500,000 to the program in 2008. PA Home Energy is focused on establishing ENERGY STAR residential building programs in PA. PA Home Energy uses ENERGY STAR Qualified Homes for new home construction and Home Performance with ENERGY STAR to service existing housing stock. This investment provides support for workforce development, contractor and homeowners incentives, public outreach and marketing, administrative infrastructure, and a robust quality assurance program.

In addition to PA Home Energy, a single-family residential program, the WPPSEF is working with the PA Housing Finance Agency to conduct comprehensive energy audits and energy improvements in income-qualified multi-family housing complexes. The

WPPSEF has committed \$157,000 to assist with workforce development (trained to BPI Multi-Family standards) and to defray the cost of the energy audits.

Investing in education and public outreach. In 2008, the WPPSEF made a commitment to support the Pennsylvania entry (Penn State) in the 2009 DOE Solar Decathlon which will be held in the Fall 2009. Other key commitments included providing support to the 2011 PA Clean Energy Expo, the establishment of the community energy event request for proposals (RFP) to spur community-based clean energy events, and the continued duplication and dispersal of the residential ENERGY@Home DVD which now has been distributed to over 10,000 PA residents.

The WPPSEF has strived to maintain a balance of funding to support clean energy generation, energy efficiency and conservation, and public education/ outreach. In all three of these categories, the WPPSEF seeks to support job growth whenever possible.

FINANCIAL APPROVALS

The WPPSEF financial approvals in 2008 can be broken down into the following categories: loans, strategic initiatives developed by the WPPSEF, and grants (includes grants, sponsorships, memberships).

Loans

Business	Amount	Comments
AFC First Financial	\$500,000	Provided funding to support PA-based residential energy efficiency improvements.
Elk Regional Health Center	\$69,000	Funding to expand biomass boiler system to provide heat/ hot water to adjacent senior health care facility.
Solar Power Industries	\$2,000,000	Funding provided to expand Solar Power Industries solar PV manufacturing facility.
Frontier Energy Systems	\$200,000	Funding provided to expand Frontier Energy Systems industrial motor energy efficiency technology.
Investment Total	\$2,769,000	

Strategic Initiatives

Business	Amount	Comments
PA Home Energy	\$1,500,000	WPPSEF is deploying ENERGY STAR construction programs that utilize a comprehensive whole house approach to improve residential energy efficiency (ENERGY STAR Qualified Homes for new home construction and Home Performance with ENERGY STAR for existing homes). PA Home Energy will train Service Providers to both RESNET and BPI standards and will offer performance based contractor & homeowner incentives for a limited time.
2011 PA Clean Energy Expo	\$325,000	The WPPSEF is anticipating in hosting the 2011 PA Clean Energy Expo will be held at Penn State's Bryce Jordan Center.
ENERGY@Home	\$8,340	The WPPSEF will duplicate and disperse 5,000 additional copies of the ENERGY@Home DVD.
Infrared Thermography	\$17,400	The WPPSEF purchased an infrared camera to demonstrate how they can be used to evaluate the thermal envelope of a home. The camera will be used in support of the PA Home Energy program.
Community Energy Events	\$37,500	The WPPSEF seeks to facilitate community-based energy efficiency events that promote the use of clean energy and energy conservation. This funding commitment is an open RFP.
Total Strategic Initiatives	\$1,888,240	

Grants/ Memberships/ Sponsorships

Business	Amount	Comments
2009 Solar Decathlon	\$85,000	The WPPSEF committed to provide up to \$85,000 to support the Penn State solar home entry in the 2009 DOE Solar Decathlon.
Multi-Family Energy Audits- PA Housing Finance Agency	\$150,000	To support diagnostic energy audits in multifamily housing units within the WPP service region. The commitment will support up to 30 multi-family units.
Clarion University - Natural Gas Combined Heat & Power	\$21,000	To support a residential-scale natural gas combined heat & power demonstration.
Multi-Family Energy Audit Training- PA Housing Finance Agency	\$7,000	To support the multi-family energy audit training program so that PHFA could launch a statewide multi-family renovate & repair program.
Westmoreland Community Action	\$15,000	Installation of 2 solar hot water systems on ENERGY STAR Qualified Homes in the South Sixth Street Jeanette Project.
2008 Energy from Biomass & Waste Expo	\$6,000	Support for a biomass conference and expo.
Penn State Wind Conference	\$5,000	Statewide PA wind conference sponsorship.
PA Fuels for Schools- Endless Mountains	\$7,000	Meeting sponsorships for schools, institutions, commercial & industrial wishing to explore the use of biomass-fueled heating & power systems.
Grants/ memberships/ sponsorship Total	\$296,000	

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 and external nomination process. The WPPSEF Board reviews all applicants and then submit their recommendation to the Pennsylvania Public Utility Commission for final approval. All of the board members serve on a volunteer basis.

The WPPSEF Board of Directors as of December 31, 2008, was:

- Michele Ponchione, *President*
 - ▶ World Kitchen
- Cassandra Robinson, *Vice President*
 - ▶ Allegheny Power
- Rob Hosken, *Secretary*
 - ▶ Building Performance Architecture
- Pat O'Brien, *Treasurer*
 - ▶ First Federal Bank of Monessen
- John Walliser
 - ▶ Pennsylvania Environmental Council
- Jim Stark
 - ▶ Fayette County Community Action Agency

In February 2008, the WPPSEF Board approved the nomination of Mr. John Walliser to serve on the WPPSEF Board. In June 2008, Mr. Ed Johnstonbaugh submitted a letter of resignation to the WPPSEF Board and it was accepted. As of December 31, 2008 the WPPSEF has one board seat vacancy. This position is currently being filled using the Best Practice Guidelines for the Nomination, Election, and Approval of Directors developed by the Pennsylvania Sustainable Energy Board.

The WPPSEF Board of Directors selected The Pennsylvania State University Energy Institute 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 external consulting firms on an as-needed basis.

The WPPSEF staff as of December 31, 2008, was:

- Joel Morrison and Barbara Robuck
 - ▶ The Pennsylvania State University (The EMS Energy Institute)
- John Skiavo, James Smith, and Carolyn Berkey
 - ▶ Economic Growth Connection of Westmoreland County

WPPSEF BOARD MEETINGS

The WPPSEF schedules its board meetings at the beginning of each calendar year. Full board meetings are scheduled for 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 2008, the WPPSEF Board of Directors met on:

- February 15 (Greensburg, PA)
- April 3 (Greensburg,, PA)
- June 19 (Greensburg, PA)
- August 14 (Rector, PA)
- October 9 (Greensburg, PA)
- November 14 (Farmington, PA)
- December 11 (Charleroi, PA)

WPPSEF 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>.

WPPSEF LOGO REDESIGN

The WPPSEF logo was redesigned in the summer of 2008 and the new design was approved on November 14, 2008. The use of the new logo will go into effect in January 2009.

PLANNED 2009 ACTIVITIES

The WPPSEF will focus on two broad categories in the 2009 timeframe. They are:

Bioenergy. The WPPSEF will continue to seek out projects that use Pennsylvania indigenous biomass resources for the production of clean power/ heat generation. The WPPSEF will expand its efforts to seek out investment opportunities in residential, commercial, and light industrial applications for bioenergy.

Energy Efficiency. The WPPSEF will continue to work on laying a solid foundation for the PA Home Energy program in 2009. The WPPSEF will work with AFC First Financial and the Pennsylvania Finance Housing Agency to develop and expand their residential energy efficiency programs. In addition, the WPPSEF will explore how its energy efficiency programs can be expanded to include the commercial and light industrial sectors.

During the Fall 2009, the WPPSEF will have its annual strategic planning meeting for the 2010-2011 timeframe.