

The 2012 Annual Report of the
West Penn Power Sustainable Energy Fund



WPPSEF

WEST PENN POWER
SUSTAINABLE
ENERGY FUND

PREPARED BY:

JOEL L. MORRISON
THE PENNSYLVANIA STATE UNIVERSITY
EMS ENERGY INSTITUTE
(814) 865-4802
WPPSEF@EMS.PSU.EDU

SUBMITTED BY:

THE WEST PENN POWER SUSTAINABLE ENERGY FUND
ECONOMIC GROWTH CONNECTION OF
WESTMORELAND COUNTY
40 NORTH PENNSYLVANIA AVENUE, SUITE 510
GREENSBURG, PA 15601
WWW.WPPSEF.ORG

INTRODUCTION AND HIGHLIGHTS

In 2012, the West Penn Power Sustainable Energy Fund (WPPSEF) entered its tenth 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 2012, WPPSEF committed and/or placed \$5,708,541 to co-fund 19 funding requests. Key accomplishments in 2012 include:

Investing in clean energy. The WPPSEF committed and placed to \$2,000,000 to support the commercialization of Aquion Energy aqueous hybrid ion (AHI) battery technology. WPPSEF monies, were highly leveraged with Commonwealth Financing Authority (CFA) and PennVest funding. Aquion Energy, as part of its commercialization process, Aquion Energy is expanding their manufacturing facilities into the former Sony plant south of New Stanton, PA. The WPPSEF and the Economic Growth Connection of Westmoreland worked closely with the Westmoreland County Industrial Development, the Regional Industrial Development Corporation in Pittsburgh, and the Commonwealth of Pennsylvania to structure its \$2,000,000 loan. In addition, WPPSEF committed \$1,500,000 to the final construction stage of EnergyWorks Gettysburg Energy & Nutrient Recovery Facility located near New Oxford, PA. This facility will utilize locally produced chicken litter from Hillendale Farms as its fuel source. The plant will utilize gasification to produce 3-4 MW electricity.

Investing in energy efficiency. The WPPSEF continues to support the Keystone Home Energy Loan Program (Keystone HELP) by committing \$250,000 in bridge financing to AFC First Financial. WPPSEF monies will be used during a nominal 30-60 day time period between the time that contractors are paid for their home energy efficiency improvements and the time of the loan sales to the PA Treasury Department. The financing was approved in mid-December 2011. The revolving bridge loan provided \$1,250,000 to AFC First Financial in 2012.

WPPSEF also provided investment financing to World Kitchen, a Pyrex manufacturing facility located in Charleroi, to upgrade their air compressor system. This investment was seeded by providing co-funding to PennTAP in 2010 to perform an industrial-grade energy audit as part of their DOE-funded SAVE ENERGY NOW program. The air compressor upgrade was identified in the energy audit findings. WPPSEF provided a \$500,000 loan to World Kitchen so that the upgrades could be implemented in an expedited manner.

Investing in education and public outreach. WPPSEF continues to provide support raise the level of awareness of sustainable energy technologies. WPPSEF has specifically provided funding to local regions within the West Penn Power service region to host community-driven sustainable energy events/ fairs.

FINANCIAL APPROVALS

A summary of WPPSEF loan financing activity is provided in Table 1. A total of four loans were committed and/or placed in 2012.

TABLE 1: Loans Committed and/ or Placed in 2012.

Business	Amount	Comments
Aquion Energy	\$2,000,000	Committed and Placed. Supports Aquion Energy aqueous hybrid ion battery development and expanded manufacturing facilities in Westmoreland Co., PA..
World Kitchen	\$500,000	Committed and Placed. Support World Kitchen efforts upgrade air compressor systems at their manufacturing plant in Charleroi, PA.
Gettysburg Energy and Nutrient Recovery Facility	\$1,500,000	Committed in December 2012. Support EnergyWorks and Hillandale Farms efforts to construct a nominal 3 MW gasifier which utilizes locally produced egg layer chicken litter and provides electricity to Hillandale Farms. Loan documents in processing.
AFC First Financial	\$1,250,000	Committed \$250,000 line of credit in December 2011, placed throughout 2012. Provides bridge funding in anticipation of several rollovers in 2012, WPPSEF disbursed a total \$1,250,000 throughout 2012.
Total (Loans)	\$5,250,000	

A summary of WPPSEF grant making activity is provided in Table 2. A total of 15 grants were committed and/or placed in 2012.

TABLE 2: Grants Committed and/or Placed in 2012.

Business	Amount	Comments
PA Biomass Energy Association	\$202,000	Committed and Partially Placed. Supports to development, administrative, and educational activities of PBEA.
Phipps Conservatory	\$150,000	Committed and Partially Placed. Co-funding to support the construction of a 24,000 ft ² Living Building (exceeds LEED Platinum Standards)
Slippery Rock University	\$15,000	Committed. Provided co-funding to install energy dashboards in student dormitories
Private Industry Council	\$32,088	Committed and Partially Placed. Co-funding for high performance green yurt program along Connellsville region of the Great Allegheny Passage bike trail
Pennsylvania Environmental Council	\$25,000	Committed and Partially Placed. Co-funding for RiverTown small business energy efficiency program
Wilson College	\$5,000	Committed and Partially Placed. Co-funding for 2013 Energy and You 2012 Workshop.
Allegheny County Sustainability Program	\$12,480	Committed and Placed. Provide co-funding to the Allegheny Green & Innovation Festival
Penns Valley Conservation Association	\$470	Committed and Placed. Co-funding for renewable energy workshop at 2012 PA Organic Farm Festival
Penns Valley Conservation Association	\$2,930	Committed. Co-funding for a 2013 renewable energy fair in Centre Hall, PA.
City of Connellsville	\$5,000	Committed and Placed. Co-funding for 2012 Connellsville Community Energy Event
Borough of State College	\$4,773	Committed and Placed. Co-funding for 2012 Transition Town Light Step-Right Step community energy festival.
Alternative Fuels Renewable Energies Council (AFREC)	\$1,900	Committed and Placed. Provide general membership support to AFREC for 2012 and 2013.
American Council for an Energy Efficient Economy (ACEEE)	\$1,000	Committed. Provide general membership support to ACEEE for 2013.
Biomass Thermal Energy Council (BTEC)	\$300	Committed. Provide general membership support to BTEC for 2013.

American Biogas Council (ABC)	\$600	Committed. Provide general membership support to ABC for 2013.
Total (Grants)	\$458,541	

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 submits 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, 2012, was:

- John Walliser, *President*
 - ▶ Pennsylvania Environmental Council
- Gwen Auman, *Vice President*
 - ▶ Auman Weis Enterprises
- Jim Stark, *Secretary*
 - ▶ Fayette County Community Action Agency
- Pat O'Brien, *Treasurer*
 - ▶ First Federal Bank of Monessen
- Rob Hosken,
 - ▶ Building Performance Architecture
- Michele Ponchione
 - ▶ World Kitchen
- Ed Miller
 - ▶ West Penn Power

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 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, 2012, was:

- Joel Morrison and Barbara Robuck
 - ▶ The Pennsylvania State University (The EMS Energy Institute)

- John Skiavo, James Smith, Donna Bates, and Carolyn Berkey
 - ▶ Economic Growth Connection of Westmoreland

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 ad-hoc three working groups (administrative, investment, and grantmaking) that meet on an as-needed basis.

In 2012, the WPPSEF Board of Directors met on:

- February 16 (Pittsburgh, PA)
- April 26 (Greensburg, PA)
- June 14 (Extended Conference Call)
- August 11 (Greensburg, PA)
- October 2-3 (Saint Mary's, PA)
- December 13 (Charleroi, PA)

PLANNED 2013 ACTIVITIES

The WPPSEF will be developing and releasing a request-for-proposal (RFP) for sustainable energy financing in 2013. The WPPSEF RFP focus areas are under development.