

# PENNSYLVANIA SOLAR INCENTIVES

## Solar Incentives in the Keystone State

Pennsylvania offers a variety of incentives for businesses to install solar systems, including a rebate program, tax credits, and solar renewable energy certificates (SRECs). Pennsylvania's Solar Rebate Program offers a rebate of up to \$0.50 per watt for PV systems that are less than 30 kilowatts (kW). Pennsylvania also offers a tax credit for businesses that install PV systems. The Pennsylvania Energy Development Authority (PEDA) provides a tax credit of up to 35% of the cost of installing a PV system. In addition, Pennsylvania businesses can earn and sell SRECs to utilities in Pennsylvania's Alternative Energy Portfolio Standard (AEPS) program. The AEPS requires utilities to source a certain percentage of their electricity from renewable sources such as solar. Pennsylvania's Solar Incentive Program provides significant financial incentives for businesses to install solar PV systems, making Pennsylvania an attractive market for commercial solar development.

### **Solar Alternative Energy Credits-**

A solar alternative energy credit (SAEC) represents proof that 1 megawatt-hour (MWh) of electricity was generated by a qualifying PV facility. In many other states the term "solar renewable energy certificate" or "SREC" is used to represent the functional equivalent (i.e., a means of compliance with a solar energy standard) of an SAEC in Pennsylvania. The SACP varies from year to year based largely on the market price of SAECs traded during the prior compliance year, thus it is only known after the end of a compliance year. The SACP for a given year is calculated as 200% times the sum of (1) the market value of SAECs of the reporting period and (2) the levelled value of up-front rebates received by sellers of SAECs

<https://programs.dsireusa.org/system/program/detail/5682/solar-alternative-energy-credits>

### **Pennsylvania Alternative and Clean Energy Program (ACE)-**

Alternative and Clean Energy Program (ACE) provides financial assistance in the form of grant and loan funds that will be used by eligible applicants for the utilization, development and construction of alternative and clean energy projects in the state.

Eligibility:

- Businesses
- Economic development organizations
- Political subdivisions; includes municipalities, counties and school districts

#### Funding:

- **Loans:** Loans for manufacturers of alternative and/or clean energy generation equipment or components shall not exceed \$40,000 for every new job created within three years after approval of the loan. Loans for any alternative energy production or clean energy project shall not exceed \$5 million or 50 percent of the total project cost, whichever is less.
- **Grants:** Grants for manufacturers of alternative and/or clean energy generation equipment or components shall not exceed \$10,000 for every job projected to be created by the business within three years after approval of the grant. Grants for any alternative energy production or clean energy project shall not exceed \$2 million or 30 percent of the total project cost, whichever is less.
- **Guarantees:** Grants shall not exceed \$5 million and have a term of not more than five years. In the event of a default, the grant will pay up to 75 percent of the deficiency.

<https://programs.dsireusa.org/system/program/detail/3650/alternative-and-clean-energy-program>

#### **Sustainable Development Fund Financing Program (PECO Territory)-**

The Pennsylvania Public Utility Commission created the Sustainable Development Fund (SDF) in its final order of the PECO Energy electric utility restructuring proceeding. The SDF provides financial assistance to eligible projects in the form of commercial debt, subordinated debt, lease financing, and energy performance contract financing.

The Sustainable Development Fund provides financial assistance for the following types of ventures:

- Companies and ventures that generate electricity using renewable energy sources;
- Manufacturers, distributors and installers of renewable energy, advanced clean energy and energy-conserving products and technologies; and,
- Companies and organizations that are end-users of renewable energy, advanced clean energy and energy-conserving products and technologies.

The SDF Commercial Financing Program provides flexible business loans to:

- Manufacturers, wholesalers/distributors, retailers and service companies who want to finance equipment upgrades or electricity energy savings improvements to their plant/office facilities;
- End-user companies wishing to purchase advanced clean energy systems; and

- Start-ups and expansions of companies producing clean energy.

<https://programs.dsireusa.org/system/program/detail/498/sustainable-development-fund-financing-program-peco-territory>

**Penelec SEF of the Community Foundation for the Alleghenies Loan Program (FirstEnergy Territory)-**

FirstEnergy (formerly GPU) established the Metropolitan Edison Company Sustainable Energy Fund and the Penelec Sustainable Energy Fund in 2000. The fund is designed to promote:

- The development and use of renewable energy and clean-energy technologies;
- Energy conservation and efficiency;
- Sustainable-energy businesses; and
- Projects that improve the environment in the companies' service territories, as defined by their relationship to the companies' transmission and distribution facilities.

<https://programs.dsireusa.org/system/program/detail/623/penelec-sef-of-the-community-foundation-for-the-alleghenies-loan-program-firstenergy-territory>

**Met-Ed / Penelec Sustainable Energy Fund-**

Since inception, the Met-Ed/Penelec SEF has approved 213 grants totaling \$4,139,373; 47 loans totaling \$24,488,724; and 3 equity investments totaling \$1,600,000.

Grant Opportunities include:

- A grant of up to \$240,000 to support an applied research and development project in the areas served by the Met-Ed and Penelec electric companies.
- A grant of up to \$230,000 to support the construction of a green, sustainable, and/or natural building or the renovation of an existing building using these energy efficiency principles in the areas served by Met-Ed and Penelec.

The Met-Ed / Penelec Sustainable Energy Fund provides grants, loans, and equity investments to promote:

- The development and use of renewable energy and clean energy technologies
- Energy conservation and efficiency
- Sustainable energy businesses
- Projects that improve the environment in the companies' service territories, as defined by their relationship to the companies' transmission and distribution facilities

<https://programs.dsireusa.org/system/program/detail/678/met-ed-penelec-sustainable-energy-fund>

**Sustainable Energy Fund (SEF) Loan Program (PPL Territory)-**

The Sustainable Energy Fund (SEF) promotes and invests in energy efficiency and renewable energy projects, and energy education initiatives in the state of Pennsylvania. Financial incentives are offered as loans to promote clean energy technologies and for projects where energy savings are measurable. Eligible clean technology applications include a wide range of energy efficiency and renewable energy projects. Financing is available to commercial, industrial, municipal, agricultural, and nonprofit entities. The Loan size ranges from \$5,000 to \$1 million.

<https://programs.dsireusa.org/system/program/detail/679/sustainable-energy-fund-sef-loan-program-ppl-territory>

#### **West Penn Power SEF Commercial Loan Program-**

The West Penn Power Sustainable Energy Fund (WPPSEF) promotes the use of renewable energy and clean energy among commercial, industrial, institutional and residential customers in the West Penn market region. The WPPSEF accepts proposals for financing year round. The projects should be aligned with WPPSEF's mission and should benefit the West Penn Power ratepayers. Funding for eligible projects may include commercial loans, equity investment, subordinated debt and royalty financing.

<https://programs.dsireusa.org/system/program/detail/682/west-penn-power-sef-commercial-loan-program>

#### **Metropolitan Edison Company SEF Loans (FirstEnergy Territory)-**

The program is open to any individual, organization, governmental entity, or corporation.

The fund is designed to promote:

- The development and use of renewable energy and clean-energy technologies;
- Energy conservation and efficiency;
- Sustainable-energy businesses; and
- Projects that improve the environment in the companies' service territories, as defined by their relationship to the companies' transmission and distribution facilities.

<https://programs.dsireusa.org/system/program/detail/1051/metropolitan-edison-company-sef-loans-firstenergy-territory>

#### **Penelec SEF of the Community Foundation for the Alleghenies Grant Program (FirstEnergy Territory)-**

The Community Foundation for the Alleghenies in Johnstown, Pennsylvania administers the Penelec loan and grant components of the Fund. The fund is administered by the Berks County Community Foundation. The majority of funding available from the fund takes the form of investments made in businesses pursuing one or more of the fund's objectives. The following are the categories of previously funded grants:

- Alternative Energy Projects
- Construction LEED Projects
- Education Projects
- Energy Efficiency and Audit Projects
- Wind Projects

<https://programs.dsireusa.org/system/program/detail/1056/penelec-sef-of-the-community-foundation-for-the-alleghenies-grant-program-firstenergy-territory>

### **Small Business Advantage Grant Program-**

The PA Small Business Advantage Grant Program provides matching funds to for-profit businesses with a maximum of 100 full-time equivalent employees for improvements in energy efficiency and pollution prevention. The Department of Environmental Protection (DEP) administers the grants, providing up to \$7,000 for proposed projects. Under the most recent solicitation, projects must demonstrate annual savings of at least 25% in energy consumption or pollution output plus \$500 in annual monetary savings as a direct result of the proposed project.

<https://programs.dsireusa.org/system/program/detail/1185/small-business-advantage-grant-program>

### **Solar Energy Incentives Program-**

Pennsylvania enacted legislation providing \$650 million to support a variety of renewable energy and energy efficiency technologies. The program will offer support for solar technologies in the form of loans, grants and loan guarantees. Funds may be used for the following project costs:

- Acquisition of land and buildings, rights-of-way, and easements necessary for project construction
- Clearing and preparation of land to build an eligible project
- Construction or renovation of a building to manufacture solar components and systems
- Equipment purchases for the manufacture of solar systems
- Purchase, installation and construction of facilities to produce, distribute, and store solar energy or produce hot water using solar energy
- Project planning and feasibility studies
- Permit fees
- Administrative costs associated with an eligible project, not to exceed 3% of funding

<https://programs.dsireusa.org/system/program/detail/3352/solar-energy-incentives-program>

### **City of Philadelphia – Streamlined Solar Permitting and Fee Reduction-**

Electrical and building permit fees for all PV projects are reduced to \$25 per \$1,000 labor – lowered from the standard \$25 per \$1,000 of labor and equipment costs.

<https://programs.dsireusa.org/system/program/detail/4744/city-of-philadelphia-streamlined-solar-permitting-and-fee-reduction>

#### **West Penn Power SEF Grant Program-**

The West Penn Power Sustainable Energy Fund (WPPSEF) promotes the use of renewable energy and clean energy among commercial, industrial, institutional and residential customers in the West Penn market region. In addition to loans, the program also offers grants up to \$25,000 for non-profit entities. Exceptions to the cap may be made for projects that are deemed to have high impact on sustainable energy industry.

<https://programs.dsireusa.org/system/program/detail/5623/west-penn-power-sef-grant-program>

#### **Solar Energy Loan Program-**

The Solar Energy Program (SEP) program offers financial assistance as loans to eligible applicants to promote manufacturing, research and development, and generation of solar energy in the state.

The program has a 25% cost share requirement. The applicant must provide evidence of a commitment of matching investment of at least \$1 for every \$3 of program funds awarded by the CFA.

The loan amount can be used for following measures:

- Acquisition of land and buildings, right-of-way, and easements necessary for the project.
- Clearing and preparation of land necessary for construction of the project.
- Construction or renovation of buildings used for either manufacture equipment, research, or development related to solar energy systems.
- Purchase and installation of equipment used for the manufacturing of equipment, or to conduct research and development related to solar energy systems.
- Design, purchase of equipment, installation, and construction of facilities that generate electricity.
- Energy storage costs directly related to the storage of electricity produced by solar energy system.
- Permit fees
- Administrative costs (not to exceed 2% of the loan amount)

<https://programs.dsireusa.org/system/program/detail/5945/solar-energy-loan-program>

#### **City of Philadelphia – Solar Rebate Program-**

The rebate is paid by the City for commercial or residential solar installations completed after July 1, 2019. These incentive payments will average \$1,000 per home. The program has a spending cap of \$500,000 per fiscal year.

<https://programs.dsireusa.org/system/program/detail/22110/city-of-philadelphia-solar-rebate-program>