TESTIMONY OF THE NATURAL RESOURCES DEFENSE COUNCIL

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on House Bill 2338

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NRDC

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Chairman Matzie, Chairman Marshall, and honorable members of the House Consumer Protection, Technology & Utilities Committee, thank you for the opportunity to testify in support of Representative Fiedler's House Bill 2338, P.N. 3171. This bill would modernize Pennsylvania's independent public financing authority, the Pennsylvania Energy Development Authority (PEDA), and meaningfully accelerate Pennsylvania's energy production by further leveraging private capital and the historic investment opportunities created by the federal Inflation Reduction Act (IRA) and Bipartisan Infrastructure Law (BIL).

My name is Robert Routh, and I am a senior attorney with NRDC (Natural Resources Defense Council), an international non-profit organization with over three million members and online activists. Since 1970, NRDC's lawyers, scientists, and other environmental specialists have worked to protect our natural resources, public health, and climate. As Pennsylvania Policy Director for the Climate & Energy Department, my job is to advocate for Pennsylvania laws and policies that reduce emissions of greenhouse gasses (GHG) and other air pollutants to create an equitable, sustainable, and prosperous clean energy economy for all.

NRDC strongly supports HB 2338 and urges its swift adoption. PEDA's enabling statute dates back over 40 years ago (via amendments to the Administrative Code enacted in 1982), and the authority experienced nearly a decade of relative dormancy before being revitalized by an April 2004 Executive Order. Throughout, PEDA's mission has been to expand the market for Pennsylvania's clean, diverse energy resources and to make contributions to energy conservation, energy efficiency, resiliency, and development. Given the ongoing energy transition both in Pennsylvania and across the country, coupled with the unprecedented competitive federal funding opportunities rolling out now and in the years ahead, it is past time for PEDA's authority to be updated and clarified. That's exactly what HB 2338 would do. Specifically, the bill would:

- Clarify and expand the definitions of "Cost" and "Project" to better align with federal grant programs;

- Reform PEDA's board of directors by reducing the number of members appointed by the Governor;
- Remove the sunset provision that would otherwise terminate PEDA in 2032; and
- Provide critical fixes and updates to Section 2806-C, relating to PEDA's powers and duties, to better align with federal programs. For example, it would allow PEDA to own projects that it creates, thereby allowing it to apply directly for IRA tax credits from the U.S. Treasury Department. NRDC modeling projects Pennsylvania will see over $20 billion in federal clean energy tax credits flow into the state over the next two decades.

These are straightforward amendments that will better position Pennsylvania to compete and succeed in the coming decades. In particular, I want to highlight one provision included in the IRA, the U.S. Environmental Protection Agency's (EPA) Solar for All competition.

Greenhouse Gas Reduction Fund (GGRF) and the Solar for All (SFA) competition

The historic GGRF is the single largest non-tax investment within the IRA, providing a massive $27 billion in grants. This financing program represents an unprecedented investment in climate action and communities, directing long-overdue funding to projects that will reduce pollution, lower energy costs for families across the United States, and create good-quality jobs – all while catalyzing a significant wave of private sector investment. And the Solar for All competition is one of three GGRF programs announced by EPA; it dedicates $7 billion to create and expand solar programs that deliver meaningful benefits to underserved and disinvested communities throughout the country.

One hundred percent of the Solar for All awards are meant to benefit communities defined by EPA as low-income and disadvantaged, or LIDAC (communities with low incomes, limited access to resources, and disproportionate exposure to environmental or climate burdens). Low-income households have thus far been disproportionately left out of our country's clean energy transition – they face an average energy burden three times higher compared to non-low-income households and are disproportionately less likely to adopt solar. Solar energy is also not reaching communities of color equally, as majority Black and Hispanic neighborhoods see significantly less rooftop solar installed compared to majority white neighborhoods. Many of these same communities have long lived with the wide-ranging and detrimental effects of environmental injustice, whether it be high levels of air pollution, water contamination, or the disproportionate siting of industrial facilities.

PEDA served as the lead applicant for the Commonwealth (as part of a two-member coalition that included the Philadelphia Green Capital Corp) in seeking a Solar for All award. And six weeks ago, on April 22, EPA announced the 60 awardees for those $7 billion in grants, which included 49 state-level awards with **Pennsylvania expected to receive $156.12 million.**[1] EPA is currently negotiating agreements with SFA awardees (with the goal of starting to deploy SFA dollars later in the fall/winter) but these awardees are estimated to bring the benefits of distributed solar to **900,000 low-income households** in all 50 states, the District of Columbia, territories, and Tribal lands—saving consumers **over $350 million on utility bills** in the first five years of operation. EPA estimates that SFA will collectively deliver four gigawatts (4 GW) of solar energy in communities nationwide while reducing 30 million metric tons of carbon dioxide equivalent (CO_2e) emissions cumulatively.

PEDA and other awardees must use SFA funds to provide grants, low-cost financing, as well as project-deployment technical assistance (which can include workforce training, customer education and outreach, and siting, permitting, and interconnection support) to support residential rooftop and residential-serving solar projects. Dollars can also be used to invest in "enabling upgrades," defined by EPA to include energy efficiency improvements, electrical system upgrades, and structural building repairs – all of which will help to maximize the

[1] EPA also announced five innovative multi-state awards, including $156.12 million to the Industrial Heartland Solar Coalition. This non-profit, headquartered in Ohio, unites 31 communities spanning eight states, including municipalities located in southwestern PA.

potential of this program. Awardees are expected to ensure their programs deliver "meaningful benefits" to LIDAC, defined as:

1. Household savings – delivering a minimum of 20% of household savings to all households served under the program;
2. Expanding equitable access to solar generation to a diversity of households;
3. Increasing resilience of power generation during grid outages;
4. Facilitating community ownership models that allow LIDAC to access economic benefits of clean energy asset ownership; and
5. Investing in workforce development, delivering prevailing wage jobs, and supporting women and minority-owned businesses and contractors.

HB 2338 can help clarify PEDA's authority to deploy these SFA dollars consistent with congressional intent and to maximize their impact. Again, EPA is negotiating with awardees and plans to finalize contract agreements later this year. Importantly, EPA has given awardees up to a year for program planning, so now is the time for stakeholders to engage with PEDA on effective program design and implementation. Likewise, PEDA should be engaging and co-planning with stakeholders to ensure the benefits of their programs appropriately flow to the communities and households prioritized by EPA.

Given other complementary policies included in the IRA like elective or "direct" pay, transferability, and renewable energy bonus credits, as well as the other $20 billion in GGRF dollars awarded to nonprofit lenders and the $4.6 billion in Climate Pollution Reduction Grants, it is important that Solar for All programs maximize the resources available to deliver tangible benefits to households, such as significant energy cost reductions, energy asset ownership, and more.

Conclusion

Federal funds from the IRA and BIL have the potential to transform historically underinvested areas. It is an exciting time in the climate and energy space as money is beginning to flow to states, communities, and entities like PEDA with authorization to implement the funds. But how transformative this funding can be—and how much progress we can make toward a sustainable, resilient, and equitable future—will significantly depend on how ready state governments are to receive this money and put it to work.

To that end, HB 2338 represents a commonsense approach to seize and maximize federal investments in Pennsylvania. It will help attract additional private investment, upgrade and revitalize the Commonwealth's infrastructure, enhance our status as an energy powerhouse, promote grid reliability, create family-sustaining jobs for the future, and make progress on Governor Shapiro's commitment to long-term energy affordability.

Thank you again for the opportunity to testify.

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