

PHILADELPHIA GREEN CAPITAL CORP.

**TESTIMONY FOR THE PENNSYLVANIA HOUSE CONSUMER PROTECTION,
TECHNOLOGY AND UTILITIES COMMITTEE**

REGARDING HB 2338

JUNE 3, 2024

Good morning, Chairman Matzie and members of the Committee. Thank you for the opportunity to come before you today to speak in support of HB2338 and accelerating Pennsylvania's energy production. I am Maryrose Myrtetus, Executive Director of the Philadelphia Green Capital Corp. (PGCC). House Bill 2338 will modernize the Pennsylvania Energy Development Authority (PEDA) and position it to maximize federal energy funding opportunities for Pennsylvania while creating jobs and cutting costs for consumers.

PGCC is a 501c3 non-profit green bank focused on developing financial solutions for clean, efficient, and affordable energy projects. We work by leveraging capital from public, private, and philanthropic sources, offering credit enhancements, and facilitating partnerships. We have adopted these best practices from state and local green banks across the county. We are also an affiliate of the Philadelphia Energy Authority (PEA), a municipal authority with whom we work to connect projects to capital to drive a robust, equitable, clean energy market in the Philadelphia region.

PGCC and PEA together have executed many of the programs and projects that serve as examples of all that PEDA can do with the modifications proposed in HB 2338, including projects such as Philadelphia's recent \$91MM LED streetlighting project, which is cutting the city's electricity bills by 9%; and the \$250MM+ of energy efficiency projects in Philadelphia's public schools, which not only save the school district money but also create safer, more comfortable learning environments. We also run programs such as Solarize Philly, which has helped over 3,000 households go solar, and Built to Last, which serves as a model for the statewide Whole Home Repair Program.

Our work spans across sectors – residential, commercial, municipal – but two common threads are that we build programs and financial products that help take a project from an idea to a reality, which means we conduct market education to build demand for projects, provide technical assistance, structure financial products, and guide the projects through to completion. And we also braid and layer funding sources to stretch government dollars farther and leverage funding from third parties.

PEDA is well-suited to do the same market-building and project-generating work statewide, particularly with its modernization via HB 2338.

This matters now more than ever because of the opportunities presented by the Inflation Reduction Act - an unprecedented energy funding bill from the federal government that includes hundreds of billions of dollars for energy-related funding. Most large federal spending bills come to states in the form of grants, with a state's funding amount determined by specific, preset formulas. However, the Inflation Reduction Act is different. Over two-thirds of the IRA funding comes in the form of tax credits. There's no preset formula for allocating tax credits to states. Rather, it is project driven. Which means the optimizing this opportunity means working differently from how states are used to drawing down federal dollars.

The key to setting Pennsylvania ahead of the pack in terms of IRA funding is having a vehicle – PEDA – that can support projects across sectors (residential, commercial, institutional) at scale, because a business or homeowner or municipality or nonprofit can only take advantage of the tax credits once a project is completed. The states that are priming project pipelines now are the ones primed to help their businesses and residents benefit most from the IRA. We see this firsthand at PGCC, as we belong to a growing coalition of green banks that includes many new state entities that have been created to do exactly what PEDA is already primed to do for Pennsylvania, especially with HB 2338 to unlock PEDA's full potential to be an energy accelerator and job creator.

Our goal at PGCC is to attract at least \$5 billion of federal funds to Southeast PA through a combination of grants, tax credits, rebates, and lending capital, which could create up to 50,000 jobs. Statewide, Pennsylvania could achieve multiples of what can be done in Philadelphia and the surrounding counties – so long as the proper structures are in place. HB 2338 will allow PEDA to take full advantage of this historic investment and the opportunity to attract billions of dollars to the Commonwealth. That's why this bill is so timely, and so very important.

In Southeast PA, we plan to reach this goal by building off the success of the Philadelphia Energy Campaign, a pledge to invest \$1 billion in energy efficiency and clean energy projects to create 10,000 jobs over 10 years. From the inception of the campaign in 2016 through 2023, PEA and PGCC have supported \$904 million in projects and programs, and helped create over 7,600 jobs. Again, that is \$904 million invested and over 7,600 family-sustaining jobs. This initiative works as designed, and is almost to its \$1B goal more than 2 years ahead of schedule. For every dollar the City has invested in PEA, PEA and PGCC have generated \$132 in economic development. To generate an economic impact of 132 times greater than the investment is practically unheard of, and through PEDA as a fully-equipped energy accelerator, Pennsylvania has the opportunity to have a similar state-wide impact.

Two key approaches from the Philadelphia Energy Campaign relate well to PEDA's ability to be an energy accelerator and job creator for the state:

First, PEA has assisted the City of Philadelphia and the Philadelphia School District with large-scale energy efficiency and renewable energy projects. For them, PEA procures, holds long term contracts (which are common and often necessary for energy projects), and in some cases finances projects, such as the 70 MW Adams County solar project, now supplying 25 percent of the City's power, the LED replacements for all of the City's streetlights, and major energy efficiency renovations for City Hall and other municipal buildings. The administrative changes put forth in HB 2338 will empower PEDDA to hold similarly long contracts and allow it to better support the Commonwealth's energy objectives, job creation targets, and resiliency efforts.

Second, PEA and PGCC together have established programs that bring energy efficiency and other needed home repairs to low- and moderate-income families and bring solar installations to Philadelphia homeowners. The former, the Built to Last program, served as the model for Pennsylvania's whole home repair legislation. The latter, the Solarize Philly program has installed over 16 MW of solar systems for over 3,000 homeowners, more than 45 percent of whom are low- or moderate-income. HB 2338 will support PEDDA's ability to expand these models and other programs throughout the Commonwealth.

As we've seen in the Philadelphia Energy Campaign, funding for energy projects translates directly to job creation and consumer savings. As I mentioned, the Energy Campaign has spurred 7,500 jobs through its \$904 million of projects. For example, PEA has supported \$250 million in energy saving capital projects across 23 schools in partnership with the School District of Philadelphia. This has created over 4,000 jobs and generated over \$220MM net savings for the school district, leveraging its ability to better invest in maintenance and upgrades for its students. The federal funding opportunities at hand mean this model could be replicated in cities and towns across the commonwealth. This historic economic development investment and subsequent multiples of impact could realize tens of thousands of new jobs coupled with significant utility bill savings for customers across the state.

In addition to our work with the Philadelphia Energy Authority, PGCC has worked in close partnership with the PEDDA, particularly on the \$156 million Solar For All grant recently awarded by the U.S. Environmental Protection Agency. Through Solar For All, PGCC and PEDDA will provide solar access and 20% electricity bill savings to over 14,000 low- and moderate-income households across the Commonwealth and will build on the work PEA and PGCC have already done with Solarize Philly. Through this program, PEDDA will be able to provide job growth and cost saving opportunities to residents in every corner of the state, including former coal communities.

With the necessary administrative updates proposed in HB 2338, PEDDA will be better equipped to catalyze economic development across the Commonwealth and take full advantage of other significant sources of federal funding, such as the National Clean Investment Fund and the Department of Energy's Loan Programs Office financing programs – both of which have billions of dollars to deploy through partners such as PEDDA. Each of these funding opportunities offers billions of dollars for the improvement of lives and livelihoods across the Commonwealth.

In closing, PGCC strongly supports HB 2338. I urge the committee to support PEDA and ensure that the clean energy economy works for all Pennsylvanians. Thank you for your time and consideration today.