

Philadelphia Energy Authority
Minutes of the Quarterly Meeting of the Board of Directors
February 8, 2023

The quarterly meeting ("the Meeting") of the Board of Directors (the "Board") of the Philadelphia Energy Authority ("the Authority") was held on February 8, 2023 beginning at 4:30pm both in person at City Hall and via teleconference on Zoom.

The following board members of the Authority were present at the meeting:

Barbara Adams
Natalia Dominguez Buckley
Michael Kopistansky
Sophia Lee
Barbara Moore
Matthew Stitt

Also present at the Meeting were: Alon Abramson (PEA), Shonique Banks (PEA), Katie Bartolotta (PEA), Baird Brown (Eco(n)law), Kristen Carmean (PEA), Maxine Dixon (PEA), Rishika Ghosh (PGCC), Stefanie Green (PEA), Alexis Lounsbury (PEA), Tabeen Hossain (PEA), Anza Abbas (PGCC), Nancy Mifflin (PEA), Bianca Montanez (PEA), Maryrose Myrtetus (PGCC), Emily Schapira (PEA), Lisa Shulock (PEA), Matt Stern (PEA), Sneha Mokkala (PGCC), John Burgoyne (PGCC), Scott Schaffner (Evolution Energy Partners)

Call to Order

Mr. Stitt (Vice Chair) called the Meeting to order. Mr. Stitt determined that a quorum was present and confirmed that the Meeting was properly advertised.

Approval of the Minutes

Mr. Stitt asked that the Authority approve the minutes from the prior quarterly Meeting held on October 19, 2022. Meeting minutes were provided to the Board in advance of the Meeting.

Upon motion duly made by Ms. Adams and seconded by Ms. Dominguez Buckley, the Board approved the October 19, 2022 meeting minutes.

Public Comment

Scott Schaffner from Evolution Energy Partners, under Evolution Sustainability Group, introduced himself and expressed interest in working with PEA in the future.

Chair's Report

No chair's report for this Meeting.

President & CEO's Report

Organizational Updates

PEA recently welcomed two new full time employees: Alexis Lounsbury as the new Administrative Coordinator, and Lisa Shulock as Director of Commercial Programs. PEA currently has one outstanding position to be filled – Workforce Development Coordinator. Recruitment efforts for the position continue, alongside recruitment and selection for summer interns and the annual Kleinman fellow.

The Office of Sustainability and PEA received a combined \$300k in a mid-year transfer from City Council to hire consultants to support the development of the City's strategy to pursue funds from the Inflation Reduction Act. PEA will issue an RFP shortly.

City Council passed Resolution No. 220976 approving PHDC as the City's lead applicant for the Pennsylvania Whole Home Repair Program – a funding stream modeled after PEA's Built to Last program. PEA has submitted proposals to DCED with \$7.7MM for Built to Last homes and \$1.3MM for workforce development.

Program Updates

i. City Projects

LED Streetlighting is on track with project development. The citywide audit is complete with over 130,000 light fixtures visited. Luminaire and lighting management system RFPs have been released by Ameresco and vendors are being narrowed down.

PEA continues to work with the Department of Aviation on contracting for the 1.5MW solar project at Northeast Philadelphia Airport ("PNE"), including developing appropriate scope for PECO interconnection requirements.

Mr. Kopistansky pointed out constraints with significant expense for PECO requirements on upgrading transformers. Board members discussed cost sharing and what may be possible. The transformers are approaching their end of useful life, so there may be deductions.

The Request for Information related to the Philadelphia Water Department's opportunities in Renewable Natural Gas, though the period for asking questions has closed.

At Adams Solar, Energix began civil work, construction entrances, and erosion control measures in December 2022. Roads and laydown areas on one of the larger parcels and grading work started in January 2023. Vendors are being sought out for mechanical installation and fencing. All RFPs are available on the PEA website under Public Bids.

ii. School District Projects

SDP is currently hiring for a new Coordinator of Energy Conservation programs and there will be a new director of Capital Programs starting in Q3 2023.

The University of Pennsylvania has sent a letter of support for solar schools to Superintendent Watlington using data from PEA's technical reports.

GESA projects continue construction on 12 schools this year.

iii. Built to Last

PEA has successfully completed the 50-home pilot of the Built to Last program. Results include:

- 3.4 average programs deployed per home
- \$44k average total spending per home
- \$14k average PEA supplemental spending per home

- \$2.1MM total spending projected by all programs
- 27 homes receiving electrical upgrades
- 14 homes receiving full or partial electrification
- 31 homes being considered for solar installation (with 14 signed contracts)

RFPs for Built to Last service providers were released this quarter by both PEA (for administrative, scoping, case management and construction management) and PGCC (for construction). Funding has been obtained for upcoming Phase 2 via PGCC, Whole Home Repair, and federal grants. Around \$12M has been earmarked for the next two phases.

Mr. Kopistansky inquired whether homes receiving electrification and solar had options for adding battery storage. Mr. Abramson shared that while that is on the horizon, it is not currently included in BTL.

iv. Solarize Philly

PEA has officially closed out Phases 5 and 6 of Solarize Philly. 167 LMI and 362 Market Rate residential contracts were signed in these phases. The biggest change was the addition of PosiGen and their lease product, which allows households of all income levels and credit profiles to add solar without any upfront cost.

Commercial Solarize has launched with Solar States and EDPR, with 85 commercial properties in the pipeline to date.

Phase 7 began taking new enrollment in January 2023. Goals include:

- 250 LMI households
- 500 Market Rate households

Mr. Kopistansky inquired about roof assessment and requirements for applicants to be approved for solar. The recommendation is the roof should be, at most, 5 years old, though comprehensive roof assessments have approved older roofs on a case by case basis.

v. Water and Sewer Service Line Protection Program

We have continued to maintain the same number of customers in the Water Sewer Service Line Protection Program. The following statistics were given:

- 90K customers enrolled
- 20k+ enrolled in new in-home protection products
- \$45MM+ saved in repair costs for consumers
- 74% of claims to date serviced by M/W/DBE contractors
- In FY23 Q2, 5% of all claims and 18% of repair claims had an NOD from PWD - majority of infrastructure repairs are self-identified
- 5,400 calls per month handled with 93% customer satisfaction

Program is up for renewal this year with the option of a 3-year renewal. It is likely that costs will go up. Price changes will not occur until renewal in November 2023.

vi. C-PACE

C-PACE closed its largest project to date at \$30.8MM, bringing the program total investment to \$100MM at the end of 2022. Mr. Stern stated that C-PACE has become a more attractive option in a high interest rate environment.

FreezePak Logistics is the latest project with a total project cost of \$93M. Once the warehouse is operational 60+ jobs will be created.

There are currently 56 projects in the pipeline (+12% from last quarter). Several projects are expected to close in Q3, including the program's first multifamily project.

vii. VPP

An RFI was released in October of 2022 related to PEA's interest in a Virtual Power Plant concept. 11 responses were received from clean energy providers, leading VPP software providers, and major hardware installers. Submissions are currently being reviewed with key reviewers including PECO, DEP, Penn State, WRI and others.

viii. Workforce Development

Frankford High School added an additional Solar Instructor for FY 22-23, Ky Sanders. 15 10th graders started the program in Fall 2022, and this will be the first graduating class of 12th graders.

In addition to the high school program, Bright Solar Futures operates in partnership with PowerCorpsPHL to train young adults. Cohort 4 began on January 17, 2023 with 13 weeks for training and 6 weeks of internships. New curriculum is being tested with this cohort, focusing on solar and electrical work. The Adams Solar Residency for commercial training experience is coming in Spring 2023.

Total results for BSF include:

- 3 cohorts: 47 participants enrolled, 28 completed (60%)
- 24 students were placed into paid internships (86%)
- 21 students were placed into full-time positions
- 10 NABCEP Associate Certifications, 14 OSHA-30s

GRIT's 2022 cohort finished in September with 12 weeks spent in the lab and 6 weeks of field internships with PVTc. Key statistics include:

- 20 enrolled
- 16 graduates (80% completion)
- 10 placements so far (62%)
- 16 completed internships (100%)
- 16 Industry specific interviews (100%)

Ongoing placement and follow-up services will continue through June 2023.

ix. PGCC

PGCC is working with PEA to finalize negotiations with the DOE for \$2.0MM for Built to Last, and FY21 and FY22 audits are underway.

There are currently 3 Navigator & Catalyst applications in the intake process, totaling \$3.15M with 128 units + nonprofit community space.

Share the Sun has funded solar installations for 17 LMI homes to date, and PGCC continues to support the launch of Phase 2 for Built to Last.

Treasurer's Report

Ms. Schapira provided an overview of PEA's financial statements. The cash position remains strong and the organization is tracking well on its FY23 budget.

There was discussion around the Net Surplus/(Deficit) number in the Statement of Activities. That will be fixed and reissued to the Board Members.

PEA received program fees through the Water and Sewer Line Protection Program. Ms. Schapira asked the board to approve a resolution to encumber some of these funds for specific purposes.

RESOLUTION 02082023 – 01: AUTHORIZING THE ENCUMBRANCE OF FUNDS RECEIVED FROM CERTAIN PROGRAM FEES FOR CERTAIN SPECIFIC PURPOSES

WHEREAS, the Philadelphia Energy Authority ("PEA") developed and administers a Water and Sewer Service Line Protection Program ("the Program") from which it receives Program Fees ("Program Fees") annually in proportion to the number of households that are enrolled; and

WHEREAS, the Program Fees can vary significantly year to year depending on fluctuations in enrollment making long-term budgeting difficult; and

WHEREAS, certain PEA programs cannot meet their impact goals or scale up to meet the goals of the Philadelphia Energy Campaign without subsidies or specialized financing; and

WHEREAS, PEA must ensure organizational sustainability for the future by maintaining financial reserves in the amount of six months of core operational expenses that act to preserve PEA's work in the event of unforeseeable issues, therefore be it

RESOLVED, that the Board of Directors ("the Board") authorizes the FY23 Program Fees from the Water and Sewer Service Line Protection Program, in the amount of \$1,417,393.69 shall be restricted in the following ways that help build the scale and sustainability of PEA's work:

- 1. \$800,000 shall be used to supplement the FY23 and FY24 operating budgets and may be rolled over into future fiscal years if unspent.*
- 2. \$301,646 shall be transferred to the Board Designated Reserve Fund ("BDRF"). Funds in the BDRF may be used for emergency payroll needs or as expressly approved by the Board. These funds also provide for emergency operational expenses including benefits, payroll taxes, legal advertising, accounting, annual audit, critical software, insurance and legal fees. All interest earned on this account shall accrue to the BDRF and the same restrictions shall apply.*
- 3. \$315,747.69 shall be encumbered in a separate account dedicated solely to Program Subsidies. This account shall be utilized to provide grants, loan loss reserves and other*

vehicles for subsidy for other PEA programs. All interest earned shall accrue to the Program Subsidies Fund and the same restrictions shall apply.

Upon motion duly made by Ms. Adams and seconded by Ms. Dominguez Buckley the Board approved the resolution unanimously.

New Business

No new business was reported.

Adjournment

Mr. Stitt moved to adjourn the meeting, which was duly seconded and unanimously approved.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Barbara Adams".

Secretary of the Board of Directors