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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE BILL

## No. 3026 Session of 2006

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INTRODUCED BY BENNINGHOFF, BASTIAN, BOYD, CALTAGIRONE,  
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YUDICHAK, McILHINNEY AND BARRAR, OCTOBER 17, 2006

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REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,  
OCTOBER 17, 2006

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AN ACT

1 Establishing the Pennsylvania Energy Freedom Support Account  
2 within the Energy Development Fund; and providing for the  
3 Federal Government Research Support Program, for the  
4 Municipal Energy Freedom Grant Program and for the powers and  
5 duties of the Energy Development Authority.

6 The General Assembly of the Commonwealth of Pennsylvania  
7 hereby enacts as follows:

8 Section 1. Short title.

9 This act shall be known and may be cited as the Pennsylvania  
10 Energy Freedom Support Act.

11 Section 2. Declaration of policy.

12 The General Assembly finds and declares that:

13 (1) Pennsylvania faces a tremendous challenge to meet  
14 its energy needs while protecting the public and the  
15 environment.

16 (2) Without adequate funding for basic energy research,  
17 Pennsylvania will suffer the consequences of falling behind

on energy information, projects and programs affecting the quality of life now and in the future.

(3) The absence of State financial backing of university-based energy research represents missed opportunities for Pennsylvania to participate in Federal research programs that require local cost-share funding and it places the Commonwealth in a poor competitive position with respect to other states rich in energy resources.

(4) Pennsylvania local governments also face increasing energy costs, while at the same time struggle to deliver basic community services to their residents and businesses.

### Section 3. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Account." The Pennsylvania Energy Freedom Support Account established under section 4.

"Authority." The Energy Development Authority of the Commonwealth.

"Cost-share grant." The Commonwealth's share of the cost of carrying out a particular project which cost includes an appropriate allowance for the administrative expenses involved in carrying out the project.

"Eligible municipality." A county, city, district, municipality, municipal authority, political subdivision, borough, incorporated town, township, poor district or other public instrumentality that has the authority to contract for the construction, reconstruction, alteration or repair of a public building or other public work or public improvement, including, but not limited to, highway work.

1 "Fund." The Energy Development Fund.

2 "Secretary." The Secretary of the Budget of the  
3 Commonwealth.

4 "University." An institution of higher learning that  
5 provides facilities for teaching and research and is authorized  
6 to grant academic degrees within this Commonwealth.

7 Section 4. Pennsylvania Energy Freedom Support Account.

8 (a) Establishment.--There is established within the Energy  
9 Development Fund a restricted receipt account to be known as the  
10 Pennsylvania Energy Freedom Support Account. Interest that  
11 accrues in the account shall be credited to the account.

12 (b) Receipts.--The secretary may transfer funds from the  
13 fund to the account necessary to comply with the requirements of  
14 this act.

15 Section 5. Federal Government Research Support Program.

16 (a) State cost share.--Subject to the restrictions and  
17 limitations set forth below, universities may draw up to 20%, or  
18 \$20,000, whichever is greater, as a State cost share for  
19 Department of Energy research grants or cooperative agreements.

20 (b) Restrictions and limitations.--The eligibility for cost-  
21 share grants shall be restricted to Pennsylvania-based nonprofit  
22 universities. Only Department of Energy basic energy research  
23 grant awards or cooperative agreements shall be eligible for the  
24 program. Other grants or agreements for technology transfer,  
25 weatherization or other nonbasic energy research sponsored by  
26 the Department of Energy shall not be eligible.

27 (c) Application.--To be eligible for cost-share grants from  
28 the program, a university must make application to the authority  
29 to request a cost-sharing grant for a research project sponsored  
30 by the Department of Energy. The application shall be on the

1 form required by the authority and shall include or demonstrate  
2 the following:

3 (1) The name and address of the applicant.

4 (2) A statement that the applicant is an eligible  
5 recipient under the program.

6 (3) A statement of the amount of grant sought.

7 (4) A brief description of the project.

8 (5) Evidence of an approved Department of Energy grant  
9 award or agreement.

10 (6) A commitment from the applicant to complete the  
11 project.

12 (d) Review.--The authority shall review the application to  
13 determine if the applicant has met all of the criteria set forth  
14 in subsection (c). The authority shall review applications in  
15 the order in which they are received.

16 (e) Approval.--

17 (1) Upon being satisfied that all requirements under  
18 subsection (c) have been met, the authority shall approve the  
19 application and award a grant.

20 (2) The authority shall award grants subject to maximum  
21 award limitation and based upon the availability of moneys in  
22 the account.

23 (3) Prior to providing grant funds to an applicant, the  
24 authority shall enter into a contract with the applicant. The  
25 contract shall include provisions requiring the applicant to  
26 use the grant to pay the cost share required under the terms  
27 of the award or agreement with the Department of Energy.

28 (4) The authority may award a grant to an eligible  
29 applicant in an amount greater than \$20,000 if the Department  
30 of Energy award or agreement is in excess of one year. For a

multiple-year award or agreement, the authority may award up to 20% or \$20,000, whichever is greater, for each year of the award.

(f) Limitations.--

(1) An eligible applicant may not apply for a cost-share grant from the account before official notification of a research grant award or agreement by the Department of Energy.

(2) In no case shall the aggregate amount of grants paid in any fiscal year under this act exceed the annual appropriation to the authority for the program.

(3) A grant awarded under this act shall in no way constitute an entitlement derived from the Commonwealth or a claim on any other funds of the Commonwealth.

Section 6. Municipal Energy Freedom Grant Program.

(a) Establishment.--There is hereby established within the authority a program to be known as the Municipal Energy Freedom Grant Program. The program shall be administered by the authority to provide grants of matching funds equal to 50% of the proposed project costs to eligible municipalities for the installation of qualified energy efficiency measures within buildings owned and operated by a municipality.

(b) Application.--An eligible municipality may submit an application to the authority requesting a grant of matching funds for the installation of energy efficiency measures. The application shall be on a form required by the authority and shall include or demonstrate all of the following:

(1) The name and address of the applicant.

(2) A statement that the applicant is an eligible recipient under the program.

1 (3) A statement of the amount of matching funds sought.

2 (4) A brief description of the project.

3 (5) Evidence of an energy audit of the facility or other  
4 similar report that provides the appropriate document to  
5 support the energy efficiency measures for which matching  
6 funds are being requested.

7 (6) A commitment from the applicant to complete the  
8 project and to provide 50% of the total cost of all energy  
9 efficiency measures to be installed under the proposed  
10 project.

11 (c) Review.--The authority shall review the application to  
12 determine if the applicant has met all of the criteria set forth  
13 in subsection (b). The authority shall review applications in  
14 the order in which they are received.

15 (d) Eligible efficiency measures.--An "eligible efficiency  
16 measure" is a program or facility alteration designed to reduce  
17 energy consumption or operating costs and includes, but is not  
18 limited to:

19 (1) Insulation of a building structure or system within  
20 a building.

21 (2) Storm windows or doors, caulking or weather  
22 stripping, multiglazed windows or doors, heat-absorbing or  
23 heat-reflective glazed and coated window or door systems,  
24 additional glazing, reductions in glass area or other window  
25 and door system modifications that reduce energy consumption.

26 (3) An automated or computerized energy control system.

27 (4) A heating, ventilating or air conditioning system  
28 modification or replacement.

29 (5) Replacement or modification of lighting fixtures to  
30 increase the energy efficiency of a lighting system without

1 increasing the overall illumination of a facility, unless an  
2 increase in illumination is necessary to conform to  
3 applicable State or local building codes for the lighting  
4 systems after the proposed modification is made.

5 (6) An energy recovery system.

6 (7) A system that produces steam or forms of energy such  
7 as heat as well as electricity for use within a building or  
8 complex of buildings.

9 (8) An energy conservation measure that provides  
10 operating cost reductions based on life cycle cost analysis.

11 (9) The installation of an energy information and  
12 control system that monitors consumption, redirects systems  
13 to optimal energy sources and manages energy-using equipment.

14 (10) An indoor air quality improvement.

15 (11) A daylighting system.

16 (12) An energy efficient street lighting or traffic  
17 signal system.

18 (13) A renewable or onsite distributed power generation  
19 system.

20 (14) A geothermal heat pump system, which is a system of  
21 pipes, heat exchangers and building ductwork using the latent  
22 heat of the earth to heat and cool buildings.

23 (15) Any other measures approved by the authority that  
24 from time to time may be developed and proven to be cost  
25 effective in reducing energy consumption and costs.

## 26 Section 7. Development of guidelines.

27 Prior to the disbursement of any grant matching funds from  
28 the account, the authority shall develop and issue guidelines  
29 for the application and use of the matching funds, including all  
30 applicable eligibility criteria which shall also describe the

1 manner of application for financial assistance and an  
2 application for assistance under this section. The authority  
3 shall provide these guidelines to the majority chairman and  
4 minority chairman of the Environmental Resources and Energy  
5 Committee of the Senate and the majority chairman and minority  
6 chairman of the Environmental Resources and Energy Committee of  
7 the House of Representatives 90 days prior to issuing the  
8 guidelines to the general public. The authority shall provide a  
9 reasonable opportunity for eligible applicants to apply for  
10 matching funds under section 6 before making any financial  
11 assistance announcements or awards.

12 Section 8. Annual report.

13 The authority shall annually make a report to the  
14 Environmental Resources and Energy Committee of the Senate and  
15 the Environmental Resources and Energy Committee of the House of  
16 Representatives on the activities undertaken pursuant to this  
17 act, including, but not limited to:

18 (1) The number of cost-share grants awarded to support  
19 Department of Energy research grant or cooperative agreement  
20 awards.

21 (2) The name of each educational institution receiving a  
22 cost-share grant, including information about the amount and  
23 duration of the cost-share grant award and a description of  
24 the research being supported.

25 (3) A description of each grant of matching funds  
26 awarded under the Municipal Energy Freedom Grant Program.

27 Section 9. Effective date.

28 This act shall take effect in 60 days.