



# 2017 Annual Report



A photograph of several wind turbines in a field of tall grass at sunset. The sun is low on the horizon, creating a warm, golden glow. The turbines are silhouetted against the bright sky. The foreground is filled with tall, dry grass.

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# • Mission

To promote, research, and invest in clean and renewable energy technologies, energy conservation, energy efficiency, and sustainable energy enterprises that provide opportunities and benefits for PPL Electric ratepayers.

# • Vision

To lead Pennsylvania in a direction so that today's needs for environmentally sound, safe, affordable, abundant, and reliable energy do not affect the ability of future generations to meet their needs.

# • Values

- We recognize that we have a responsibility to invest in and finance businesses and projects that others would not, all while being cognizant of and balancing the project's or business' mission fit and financial risk to the organization.
- We value courtesy, honesty, integrity, fairness, respect, and trust and strive individually and as a team to "Do The Right Thing" at all times.
- We are committed to personal and professional growth through continuous learning and development of the organization's staff.
- We strive to achieve the mission and goals of the organization in a financially sustainable manner.
- We recognize a responsibility to provide community access to sustainable energy education and to educate the leaders of today and tomorrow in sustainable energy.



# • A Year in Review

## Dear Stakeholders,

In retrospect, FY2017 was a transformational year for Sustainable Energy Fund as we purchased a parcel of land to construct a net zero building. The Fund made commitments exceeding \$5.5 million, took applications for a nonprofit makeover, provided \$160,000 in grants through the Energy Sprout Competition, and held EnergyPath 2016 at Pennsylvania State University.

Sustainable Energy Fund purchased 4.157 acres of land located at 4250 Independence Drive, Schnecksville, PA 18078. On this parcel of land, Sustainable Energy Fund plans to construct a commercial net zero building which will produce as much energy as it consumes over the course of a year. The target date for completion of construction for this project is April 2019. Part of the space will become SEF's future home while the remainder of the space will be leased out to local businesses.

The Nonprofit Energy Makeover Contest is a program fueled by Sustainable Energy Fund to upgrade a nonprofit building to be more energy efficient at no cost to the winning organization. Sustainable Energy Fund received over 40 applications for the contest. Applications will be reviewed and the winners will be selected in FY2018.

The financial markets in which SEF operates are still challenging as more than 46% of commercial businesses already feel they are energy efficient and more than 55% of all projects are self-funded. SEF's loan product is quite competitive, with a typical interest rate of 4%, 5-year term, 100% project financing, and subordinate lien positions. SEF also offers energy savings agreements which provide guaranteed savings for nonprofits, allowing them to utilize energy savings to pay for the project.

To create the Energy Sprout competition, Sustainable Energy Fund teamed up with the West Penn Power Sustainable Energy Fund. Energy Sprout was a statewide competition designed to foster new or innovative products and business models in sustainable energy as well as foster the concept of community scale energy improvements.

With 2017 in the rearview mirror, we look forward to the opportunities and challenges in 2018.

## John Costlow, President/CEO

# • Education Report

**S**ustainable Energy Fund's educational programs provide energy users with the knowledge needed to overcome barriers to a sustainable energy future. These educational programs include educational workshops, the annual Energypath event, middle and high school sustainable energy science fairs, speakers bureau, and exhibitions.

The educational workshops this year were held in Allentown, Lancaster, Hazleton, Williamsport, Honesdale, Harrisburg, and Scranton, and were free for nonprofits. The objective of the workshops was to assist energy users in learning about energy usage in buildings. The workshops covered energy efficiency, energy conservation, and energy management. The discussions included simple steps an organization can take to assess their energy usage, set goals, and implement an action plan. At the end of the workshop, attendees had an understanding of how lighting, HVAC, and the building envelope play a role in their utility bill.

The speakers bureau and exhibitions allow the Sustainable Energy Fund to bring educational content "on the road" to various community organizations such as Girl Scouts of America, the Pennsylvania Farm Show, and Seven Generations Charter School.

The annual Energypath event increases the knowledge of and passion for sustainable energy in the leaders of today and

tomorrow, by offering in-depth, hands-on training with sustainable energy technologies. Energypath offers a platform for students and emerging professionals to connect with leaders in the field to expand their network and understanding of sustainable energy. The Energypath science fair provides middle and high school students with a platform to showcase their sustainable energy research. The Energypath 2016 first place winners were:

## High School:

Solomon Heisey, "The Power of Algae"

## Middle School:

Samit Mohapatra, "Using Solar Energy to Prevent Corrosion."

Energypath 2016 hosted seven hands-on energy camps: Solar, Wind, Micro Hydro, Passive House, Intro to Sustainable Energy, Biomass, and Fuel Cells & Energy Storage. The conference educational tracks encompassed several topics: Emerging Technology, Fuel Cells, Micro-Grids, Renewable Energy, and Energy Storage.

**Kelly Sanders**  
**Program Leader, Education**

# ENERGYPATH 2016 RESULTS

**300**  
ATTENDEES

**18**

States

**3**

Countries

**100**

Companies/  
Schools

**39**

Speakers

• **41**

Science Fair  
Participants

**20**

Exhibitors

• **300**

Conference  
Attendees

**15**

Sponsors

• **144**

EnergyPath  
Campers



# • Finance Report

**S**ustainable Energy Fund provides financing options to established commercial, industrial, municipal, agricultural, and nonprofit entities in PA to fund sustainable energy projects that will reduce the consumption of energy from non-sustainable sources and produce energy from renewable resources. Sustainable Energy Fund will finance projects from \$5,000 to over \$1 million. Projects we typically finance include building envelope improvements, lighting system upgrades, energy control systems, high efficiency motors, HVAC, biomass, micro-hydro, wind, and solar photovoltaics.

## Energy Saving Options

Unlike a traditional commercial lender, Sustainable Energy Fund can provide commercial loans at a 4% interest rate, provide an interest-only period during construction, accept a subordinate lien position, and adjust the loan term so that utility savings exceed loan payments when possible. Most importantly, SEF can finance 100% of a project.

SEF's Power Purchase Agreements and Nonprofit Energy Savings Agreements allow organizations, specifically nonprofits, to fund sustainable energy projects while funding and fulfilling their mission.

## Projects Funded

Total commitments for this fiscal year exceeded \$5.5 million. Sustainable Energy Fund was able to accomplish this with referrals from our energy service provider network, partnering with other funds, and by continuing to provide a variety of financing options to ensure that organizations save money while saving energy. We look forward to maintaining this growth in the next fiscal year.

## Energy Sprout

The winners of the Energy Sprout competition were chosen at the Energypath 2016 Conference in July. The winners of the Energy Sprout Competition were:

### Community Grant Competition:

- 1 Energy Coordinating Agency
- 2 Serenity Soular
- 3 St. Francis University, Institute of Energy

### Business and Individual Grant Competition:

- 1 CEWA Technologies
- 2 EthosGen
- 3 Renewable Homes





# • Committed Projects

1952 Bryn Mawr Avenue RH, LLC	:	\$150,000
Atkins Deck Treatment Services, Inc.	:	\$49,140
Christ Episcopal Church	:	\$138,972
EcoSave	:	\$2,000,000
Evergreen Road Associates	:	\$81,368
Holy Guardian Angels School	:	\$157,150
Laura Blau and Paul Thompson	:	\$323,722
Palmyra Housing Limited Partnership	:	\$165,912
Pennsylvania Family Institute	:	\$6,140



Phalanx Associates	:	\$236,577
Pleasant Valley Manor	:	\$979,533
Pocono Services for Families and Children	:	\$36,507
Pocono Services for Families and Children	:	\$62,500
Sixth and Willow Streets Limited Partnership	:	\$147,100
SolarSense PA II PSU, LLC	:	\$1,000,000
State Theater	:	\$43,865
TBJ, Inc.	:	\$37,100
<b>TOTAL COMMITMENTS:</b>	:	<b>\$5,615,586</b>



# • Financials

<b>ASSETS</b>	<b>2017</b>
Cash and Cash Equivalents	\$206,467
Accounts Receivable	\$101,196
Inventory	\$1,495
Investments	\$15,195,420
Program Related Investments	\$4,249,229
Equipment, Net	\$1,789,909
Prepaid Expenses and Deposits	\$25,768
<b>TOTAL ASSETS</b>	<b>\$21,569,484</b>

<b>LIABILITIES</b>	<b>2017</b>
Accounts Payable	\$32,583
Accrued Expense/Deferred Revenue	\$84,672
Accrued Salary/Benefits	\$54,585
Deferred ESA Income	\$338,333
<b>TOTAL LIABILITIES</b>	<b>\$510,173</b>

<b>NET ASSETS</b>	<b>2017</b>
Unrestricted Net Assets	\$21,059,311
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$21,569,484</b>

# • Board and Staff

## BOARD



Robert S. Thomson  
Chair



Daniel Griffiths  
Secretary/Treasurer



Linda R. Evers  
Director



William DeFalco  
Director



Jocelyn Cramer  
Director

## STAFF



John Costlow  
President/CEO



Kelly Sanders  
Program Leader, Education



Megan Jones  
Business Development Specialist



Scott DeStefon  
PRI Analyst



Sally Kratz  
Accountant



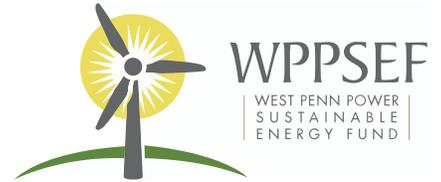
Kristen Sehn  
Marketing Coordinator



Angeliene Bieling  
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# • Supporters





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