

## **Pennsylvania Offers Two Major Funding Opportunities for Solar Energy Projects, Equipment, and Research**

**October 2009**

Pennsylvania is currently offering two different funding opportunities to support the development and use of solar energy and expansion of solar energy-related industries. The first opportunity, the Solar Energy Program, provides loans, grants, and guarantees using \$80 million in state funds from Pennsylvania's \$650 million Alternative Energy Investment Fund. The second opportunity is a newly announced \$7 million grant solicitation under the PA Green Energy Works! program, which is funded with federal stimulus monies from the American Recovery and Reinvestment Act of 2009 (ARRA). These funding opportunities are part of Pennsylvania's expanding efforts to promote clean energy in the state.

### **Solar Energy Program**

Pennsylvania's Solar Energy Program provides financial assistance in the form of grants, loans and guarantees for two main types of projects: (1) solar projects, including facilities to generate, distribute, or store energy, as well as solar equipment manufacturing or assembly and (2) the development or construction of facilities to be used for research and development of technology related to solar energy. The first type of project must have a useful life of at least four years. All projects must involve a matching investment by the applicant of at least one dollar for every one dollar of program funds awarded.

A wide range of entities are eligible to receive financial assistance, including businesses, municipalities, and economic development organizations. Projects will be evaluated using criteria such as the level of matching investment, the number and quality of jobs created or preserved in Pennsylvania, and energy savings generated or peak load reduced by the project. Funding recipients will be required to comply with applicable state prevailing wage requirements, conflict of interest rules, and auditing requirements.

Individual funding limitations vary by project type:

- For solar equipment manufacturing projects, the maximum funding for each loan and/or grant is determined by the number of new jobs projected to be created within three years of funding approval. Loans cannot exceed \$35,000 for every new job while grants cannot exceed \$5,000.
- For solar energy generation or distribution projects, each loan cannot exceed \$5 million or \$2.25 per watt (whichever is less), and each grant cannot exceed \$1 million or \$2.25 per watt (whichever is less).

- For solar research and development facilities or solar thermal projects, each loan cannot exceed \$5 million and each grant cannot exceed \$1 million.
- For all types of eligible projects, grants serving as guarantees cannot exceed \$30 million or span more than five years.

There is no closing date for the Solar Energy Program, but applications must be received at least 60 days prior to each scheduled Commonwealth Financing Authority (CFA) meeting at which pending applications will be considered, which is generally every other month.<sup>1</sup>

### **Solar Solicitation under PA Green Energy Works!**

The solar solicitation seeks grant applications for a variety of solar projects, including the purchase and installation of solar photovoltaic equipment. Project proposals must be for a minimum of \$250,000 but cannot exceed the \$7 million available under the solicitation. A wide range of entities are eligible to receive funding, including businesses, nonprofit corporations, universities, and municipalities. Priority will be given to projects that involve small disadvantaged businesses.

Eligible solar projects must comply with several key requirements, including (1) being physically located in Pennsylvania; (2) creating or retaining temporary or permanent jobs; and (3) being ready to begin work within six months of the grant award and able to complete the project within 24 months or prior to April 30, 2012, whichever is earlier. Significantly, grant recipients will be required to comply with applicable federal and state prevailing wage requirements, and some projects may require additional review under the National Environmental Policy Act.

Applications for the solar solicitation will be accepted via electronic submission through **November 6, 2009**, and grant decisions are expected to be announced in early December.<sup>2</sup>

Morgan Lewis advises utilities, project developers, investors and entrepreneurs in the solar energy industry in Pennsylvania and other key markets. For additional information, including guidance on the application requirements for these solar funding opportunities, please contact any of the following Morgan Lewis attorneys:

#### **Philadelphia**

Kenneth M. Kulak	215.963.5384	<a href="mailto:kkulak@morganlewis.com">kkulak@morganlewis.com</a>
Richard B. Aldridge	215.963.4829	<a href="mailto:raldridge@morganlewis.com">raldridge@morganlewis.com</a>
Jeffrey P. Bodle	215.963.5417	<a href="mailto:jbodle@morganlewis.com">jbodle@morganlewis.com</a>
Stephen M. Goodman	215.963.5086	<a href="mailto:sgoodman@morganlewis.com">sgoodman@morganlewis.com</a>
Andrew Hamilton	215.963.4837	<a href="mailto:ahamilton@morganlewis.com">ahamilton@morganlewis.com</a>

#### **Harrisburg**

Maxine M. Woelfling	717.237.5065	<a href="mailto:mwoelfling@morganlewis.com">mwoelfling@morganlewis.com</a>
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<sup>1</sup> The application for the Solar Energy Program can be accessed at

<http://www.morganlewis.com/documents/2009SolarEnergyProgramGuidelines.pdf>.

<sup>2</sup> The application for the PA Green Energy Works! solar solicitation can be accessed at

<http://www.morganlewis.com/documents/PAGreenEnergyWorksAppGuidelines.pdf>.

## **Pittsburgh**

Marlee S. Myers

412.560.3310

[msmyers@morganlewis.com](mailto:msmyers@morganlewis.com)

Peter M. Watt-Morse

412.560.3320

[pwatt-morse@morganlewis.com](mailto:pwatt-morse@morganlewis.com)

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