2023 ANNUAL REPORT



Sustainable Energy Fund

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ESSENCE

CORE VALUE	REVITALIZE LIVING SYSTEMS
CORE PROCESS	REALIZE A REGENERATIVE ENERGY FUTURE
CORE PURPOSE	ENABLE ACTION
VOCATION	ENABLING ENERGY USERS TO EFFECT A RESPONSE BY AN ENERGY USER TO TAKE ACTION TO MOVE TOWARDS A REGENERATIVE ENERGY FUTURE

LETTER TO STAKEHOLDERS

Dear Stakeholders,

In 2023, Sustainable Energy Fund C-PACE administration outperformed expectations, and the value of the Program-Related loan portfolio grew. However, the positive direction was not enough to offset the cost of operations. This is a significant challenge for the organization as it attempts to move from an environment of being supported by its investment portfolio, the business model since inception, to a model where ongoing operations support the organization by themselves.

The world of sustainable energy is changing rapidly. What once was cutting-edge is now standard. For example, SEF used to be one of the few specialty lenders in the energy efficiency and renewable energy ecosystem, but it is now accompanied by large, well-established institutions. For example, Carl Boccuti from TD America stated that TD invested $700 million in energy savings projects and has unwritten $11.5 billion in green bonds. Additionally, sustainable energy is being absorbed by the larger, more encompassing movement of environmental, social, and governance or ESG. There are environmental pressures to move SEF in the direction of sustainability versus sustainable energy. This creates a challenge for SEF that it does not wander from its core mission of bringing sustainable energy to electric ratepayers who initially funded SEF. This is the most significant challenge for SEF in 2024 as it reimagines itself.

SEF has focused on the individual consumption and production aspects of sustainable energy. As these components become more common, focusing on the whole energy system will be essential. This is a shift for the Fund in thinking in terms of the circular energy system, whether it be the building, the community, the region, or the grid as a whole. It is now time that these disparate systems of energy efficiency, energy conservation, and renewable energy, the three pillars of sustainable energy, work as a single more efficient, reliable, and affordable system.



JOHN COSTLOW
President/CEO



EDUCATION REPORT

Sustainable Energy Fund education programs continue to evolve to meet the changing needs of our stakeholders. The year began with the 107th Pennsylvania Farm Show. Staff participated as an exhibitor and had the chance to educate visitors over eight days on various forms of sustainable energy.

The 2023 Energy Service Provider Experience brought together this group of contractors for a weekend of educational seminars and networking opportunities to help their businesses. The weekend highlights included a session that took a deep dive into the Inflation Reducation Act and the keynote dinner presentation, “From Hardship to Success,” which explored overcoming adversity at a business and personal level.

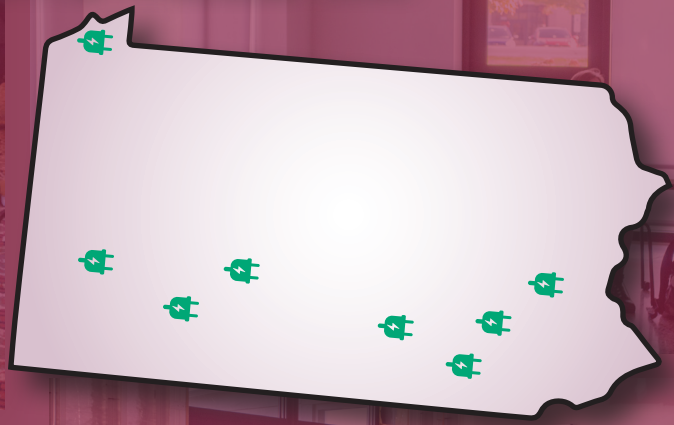


This year’s Epstein Lifetime Achievement Award was awarded to Peter Krajsa in Hershey on July 11th. Each year, the Epstein Award is presented to a deserving individual for a lifetime of work moving society toward a more sustainable energy future. The award’s namesake, Eric Epstein, is well known in Pennsylvania for a lifetime of work as a government reform activist, a nuclear watchdog, and a sustainable energy advocate. Mr. Krajsa is a recognized innovator in energy efficiency finance for over two decades. Peter spearheaded the creation of a number of major national energy finance programs.

SEF staff participated in and hosted various events around Pennsylvania throughout the year including presentations, conferences, Net Zero building tours, and webinars.

EVENTS HELD IN:

- HARRISBURG
- LANCASTER
- PITTSBURGH
- JOHNSTOWN
- ERIE
- ALLENTOWN
- READING
- ALTOONA





TOTAL ATTENDEES: **540**

TOTAL EDUCATIONAL HOURS: **1,021**

PA C-PACE REPORT

The C-PACE program continued to grow in Pennsylvania in 2023, with five new counties adopting a C-PACE program. Franklin, Somerset, Clinton, Northumberland, and Lancaster counties have opted-in, bringing the total active C-PACE counties to twenty-seven.

SEF saw fluctuations to the C-PACE pipeline in 2023 due to market conditions. Economic shifts and changes in the interest rate affected the attractiveness of C-PACE financing. Senior lenders were cautious about participating.

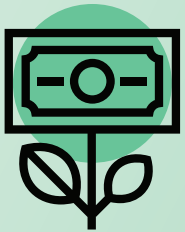
Two projects closed in 2023, one in Allegheny County and the other in Montgomery County, Centre City Tower and Four Falls Corporate Center. The projects were office building retrofits for $5 million and $13.5 million financed, respectively. The combined building measures included HVAC, lighting, electrical systems, water fixtures, building envelope, and elevator systems. These two projects combined are expected to save 1,433 Mwh, 1,003 Mcf of natural gas, over 1 million gallons of water, and 1,050 metric tons of carbon dioxide equivalent greenhouse gases annually.

SEF collaborates with Abacus Property Solutions to oversee the Maryland CPACE program. SEF diligently reviews applications for completeness and sends pre-approvals to Abacus Property Solutions when the projects are ready to close. In 2023 Maryland saw five projects close, resulting in $35,786,949 in energy upgrades.

COUNTIES WITH RESOLUTIONS PASSED

ALLEGHENY COUNTY
BEDFORD COUNTY
BERKS COUNTY
BUCKS COUNTY
CAMBRIA COUNTY
CENTRE COUNTY
CHESTER COUNTY
CLINTON COUNTY
DAUPHIN COUNTY
DELAWARE COUNTY
ERIE COUNTY
FRANKLIN COUNTY
LANCASTER COUNTY
LAWRENCE COUNTY
LEBANON COUNTY
LEHIGH COUNTY
LUZERNE COUNTY
MONTGOMERY COUNTY
NORTHAMPTON COUNTY
NORTHUMBERLAND COUNTY
PHILADELPHIA COUNTY
SOMERSET COUNTY
UNION COUNTY
WARREN COUNTY
WASHINGTON COUNTY
WAYNE COUNTY
WESTMORELAND COUNTY

FINANCE REPORT



Sustainable Energy Fund provides financing designed to advance energy efficiency and renewable energy projects throughout Pennsylvania. SEF has been a leading funder of sustainable energy projects and has been involved with the financing of projects worth over $162 million combined. Sustainable Energy Fund has made more than $72 million in program-related investment, three times our funding. Sustainable Energy Fund provides financing to commercial and nonprofit entities for energy-related projects that either:

- reduce energy consumption
- generate energy from a renewable resource
- or replace a “dirty” fossil fuel with a clean energy source

In 2023, SEF had committed over $2,109,233 and disbursed over $2,234,899 in clean energy financing for commercial entities in Pennsylvania. Sustainable Energy Fund’s financing is not just about providing loans; it is an investment in developing and growing clean energy initiatives. This can include projects related to renewable energy, energy efficiency, and other sustainable practices.

The SEF signed a participation agreement with the National Energy Improvement Fund to offer residential customers low-interest, long-term financing options for residential solar photovoltaic systems.



DISPERSEMENTS AND COMMITMENTS



FINANCIAL COMMITMENTS: **$2,109,233.50**

FINANCIAL DISBURSEMENTS: **$2,234,899.00**

FINANCIAL REPORT

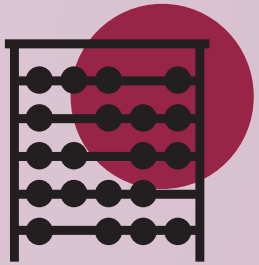
LIABILITIES	2023
Accounts Payable	$32,544
Accrued Expense and Deferred Revenue	$13,471
Accrued Salary and Benefits	$100,395
Deferred ESA income	$194,584
TOTAL LIABILITIES	**$340,994**

ASSETS	2023
Cash and Cash Equivalents	$652,031
Accounts Receivable	$6,460
Investments	$8,262,524
Program Related Loans Receivable, Net	$4,267,905
Investment in National Energy Improvement Fund, LLC	$72,390
Equipment, Net	$6,539,293
Prepaid Expense and Deposits	$36,909
TOTAL ASSETS	**$19,837,512**

NET ASSETS	2023
Unrestricted Net Assets	$19,496,518
TOTAL LIABILITIES & NET ASSETS	**$19,837,512**

$19.8 MM

Total Liabilities and Net Assets



BOARD MEMBERS



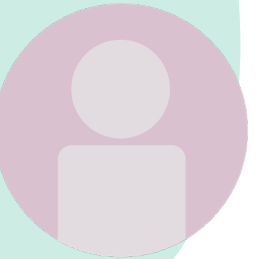
Larry Eighmy
Chairperson



Brandi Snyder
Vice Chairperson



Evan Pappas
Secretary/Treasurer



Kyle Burak
Member



Lynn Rothman
Member



Rudy Shankar
Member



Kurt Zwerko
Member

STAFF MEMBERS



John Costlow
President & CEO



Kelly Sanders
Vice President of Programs



Scott DeStefon
Vice President of Financial Programs



Brent Beck
Technical Specialist



Brian Hillard
Government Relations



Elaine Evosevic-Lozada
Relationship Manager
Western PA



Sally Kratz
Accountant



Phillip Schoch
Marketing Coordinator



Sustainable Energy Fund

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