



The 2020 Annual Report of the Sustainable Development Fund

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I. INTRODUCTION

This 2020 Annual Report was prepared by Reinvestment Fund, the manager of the Sustainable Development Fund (“SDF”), to summarize for the Pennsylvania Public Utility Commission the initiatives and accomplishments of SDF in calendar year 2020.

II. HIGHLIGHTS AND ACCOMPLISHMENTS

Since its inception, SDF has deployed a total of \$51,477,929 towards its mission of supporting renewable energy, energy efficiency and other advanced clean energy technologies as shown on the following table:

Type of Support	# of Closed Transactions	Total \$
Debt Financing	49	\$26,445,981
Equity Investments	6	\$3,788,770
Grants	<u>377</u>	<u>\$21,244,178</u>
TOTALS:	432	\$51,478,929

The total funding SDF received from PECO was \$31,815,216, so the PECO dollars have been fully deployed and are revolving again, as was the original intent.

III. SDF's FINANCIAL APPROVALS IN 2020

A. SDF's Energy Loans and Investments

In calendar 2020, Reinvestment Fund and allocated significant SDF capital. SDF-supported loans include both a number of loans to innovative PA-based energy efficiency firm Ecosave that had been closed using other capital sources available to RF¹ in previous years when SDF was fully deployed but that were SDF eligible, and were reallocated to SDF as capacity in SDF opened, as well as a new loan that supported new project development at PA-based solar firm SolarSense.

SDF Energy Loans Closed in 2020			
Borrower	Amount of SDF Financing	Loan Closing Date	Comments
Ecosave Invest, Inc.	80,166	Note date – 12/8/2016 – Reallocation date 3/2/2020	
Ecosave Invest, Inc.	1,113,610	Note date – 12/8/2016 – Reallocation date 3/2/2020	
Ecosave Invest, Inc.	32,967	Note date – 5/16/2017 – Reallocation date 3/2/2020	
Ecosave Invest, Inc.	23,234	Note date – 5/16/2017 – Reallocation date 3/2/2020	
Ecosave Invest, Inc.	364,328	Note date – 9/7/2017 – Reallocation	

¹ As noted in earlier annual reports, Reinvestment Fund has received other capital for energy lending from the Commonwealth of Pennsylvania (the Pennsylvania Green Energy Loan Fund or GELF), the City of Philadelphia (EnergyWorks), the Bank of America (the Bank of America Energy Efficiency Finance Program), the Kresge Foundation, the City of Baltimore (the Baltimore Energy Initiative Loan Program), the CDFI Fund Bond Guaranty Program, Met Life Insurance Company (Clean Energy Fund 1) and its own core dollars. Reinvestment Fund regularly closes substantial volumes of clean energy transactions using these other sources when they are better suited to the use than SDF.

		date 3/2/2020	
Ecosave Invest, Inc.	39,224	Note date – 11/29/2017 – Reallocation date 3/2/2020	
Ecosave Invest, Inc.	58,613	Note date – 5/23/2018 – Reallocation date 3/2/2020	
Solarsense LLC	625,000	5/14/2020	
TOTALS:	2,337,142		

B. SDF’s Energy Grants

SDF made no new energy grants in 2020, due to staff transitions within RF/SDF, as well as a reprioritization of activities to respond to the COVID pandemic, which included allocating more staff time to asset management and risk mitigation to prevent losses within the SDF portfolio due to the pandemic. New grantmaking is expected to resume in 2022 as the effects of the pandemic subside.

SDF did continue with work under a previous year grant to Green Building United to help prepare the City of Philadelphia for the full implementation of the 2018 International Energy Conservation Code – work that was ultimately completed in early 2021.

IV. 2020 FINANCIAL DISBURSEMENTS

A. SDF’s Energy Loans and Investments

See Section III above. All of the above loans were allocated to/disbursed from SDF in full at closing, so that list also reflects 100% of SDF’s 2020 disbursements for lending.

B. SDF’s Energy Grants

In 2020, SDF made the following disbursements on its energy grants:

SDF Energy Grants Disbursed in 2020			
Grantee	Amount Disbursed	Grant Award Date	Comments
Green Building United	\$38,573	12/10/18	Support for a wide range of educational programming for code officials, architects, engineers and designers to implement the

			2019 International Energy Conservation Code for commercial buildings and the 2015 IECC for residential buildings.
TOTAL:	\$38,573		

V. THE PECO-UNICOM MERGER PROGRAMS

As of December 31, 2015, SDF had disbursed all of the funding received from the PECO-Unicom merger for wind (\$12,000,000), solar (\$4,000,000) and public education (\$2,500,000). These three “Temporarily Restricted” accounts are now closed and all SDF funds now appear as “Unrestricted but Contractually Limited as to Use.” Please see the SDF annual reports from 2015 and earlier years for information about this \$18.5 million of funding and support for renewable energy.

VI. FINANCIAL REPORT

SDF has received a total of \$31,815,216 from PECO Energy. This figure consisted of eight quarterly payments in 1999 and 2000 from distribution charges that total \$3,335,216 and the lump sum accelerated payment of PECO quarterly payments through December 31, 2006 totaling \$9,980,000. SDF had also received, pursuant to the terms of the PECO Energy/Unicom merger agreement, three installments of \$4,000,000 for the Pennsylvania Wind Development Program (total of \$12,000,000); five annual installments of \$500,000 for public education about renewable energy (total of \$2,500,000); and four annual installments of \$1,000,000 for SDF’s solar photovoltaic program (total of \$4,000,000). PECO’s financial support of SDF ended with the last payment received on December 31, 2006.

SDF’s financial statements for the twelve-month period ending December 31, 2020 show total financial income of \$374,097 and net financial income of \$32,433.

Operating expenses for 2020 totaled \$57,464, consisting mostly of Reinvestment Fund’s management fee for managing the SDF (\$51,077)² and bank fees of \$6,387.

On December 31, 2020, SDF held \$2,065,796 of funds in SDF’s cash and investment accounts available for lending.

Outstanding receivables (loans net of allowance for losses) as of December 31, 2020 totaled \$8,162,485, of which \$797,082 were current assets and \$7,365,403 are non-current assets. Total assets on December 31, 2020 were \$10,272,407. SDF’s liabilities at December 31, 2020 totaled \$30,871. As of December 31, 2020, SDF’s total net assets were \$10,241,536, an increase of \$26,046 over 2018’s figure.

The audited financial statements will be available upon request by contacting Andrew Rachlin, Fund Manager, Sustainable Development Fund, Reinvestment Fund, 1700 Market Street, 19th Floor, Philadelphia, PA 19103. He can be reached by email at andrew.rachlin@reinvestment.com or by telephone at 215.574.5842.

² The SDF board approved Reinvestment Fund annually taking a management fee equal to 0.5% of the SDF funds under management. This fee is in lieu of personnel, space, and other internal expenses. Third-party expenses (such as bank fees and the audit) are likewise recoverable.

VII. SDF BOARD ORGANIZATIONAL ISSUES

SDF board of directors in 2020 consisted of the following people:

- Alex Dews (Green Building United)
- Michael Freeman (Emerald Energy Consulting)
- Matthew Madia (Bridgeway Capital)
- Sonny Popowsky (retired PA Consumer Advocate)
- Richard Schlesinger (PECO)
- Christine Simeone (Kleinman Center for Energy Policy)
- Sidharth Singh (Strategic Finance Group)
- Lori Van der Voort (PWI Engineering)
- Sherif Youssef (Philadelphia Gas Works)

The board met on March 13, 2020 and again in January 2021.

The 2020 Annual Report of the Sustainable Development Fund Addendum

1. Administrator's Expenses for SDF in 2020

SDF's Administrative Expenses for 2020	
Fund Management Fee (0.5%)	\$51,077
Bank fees	\$6,387
TOTAL:	\$57,464

2. Loans, Equity Investments and Grants Approved by SDF in 2020

SDF Approvals in 2020		
Type	Number	Dollar Value
Loans	8	\$ 2,337,142
Equity investments	0	\$ 0
Grants	0	\$ 0
TOTALS:	0	\$ 0

3. Loans, Equity Investments and Grants Closed/Executed by SDF in 2020

SDF Loan Closings and Grants Executed in 2020		
Type	Number	Dollar Value
Loans	8	\$ 2,337,142
Equity investments	0	\$ 0
Grants	0	\$ 0
TOTALS:	0	\$ 0

4. Loans, Equity Investments and Grants Disbursed by SDF in 2020

SDF Dollars Disbursed in 2020		
Type	Number	Dollar Value
Loans	8	\$ 2,170,745
Equity investments	-	\$ 0
Grants	1	\$ 38,573
TOTALS:	9	\$ 2,209,218

5. The Year-End Fund Balance (Net Assets)

\$ 10,241,536
