

1700 Market Street, 19th Floor
Philadelphia, PA 19103
phone: 215.574.5800
e-mail: sdf@reinvestment.com
web: www.reinvestment.com/sustainable-development-fund

RF Sustainable Development Fund

Small Project Access & Readiness Capital Program Guidelines

1. Program Background and Purpose

Reinvestment Fund's Sustainable Development Fund ("SDF") supports clean energy, energy efficiency, electrification, and related decarbonization initiatives within the PECO electric service territory and surrounding eligible areas.¹ SDF's purpose is to help community-serving organizations reduce energy costs, improve building performance and resilience, and support local economic growth.

The **Access & Readiness Capital Program** has dedicated up to \$1.5 million of SDF resources to address early-stage barriers that prevent otherwise promising small projects from advancing to implementation. Many organizations have a clear interest in incorporating clean energy or deep energy-efficiency improvements but lack the technical capacity or upfront capital required to define, evaluate, and prepare these projects for financing and construction.

The program provides two forms of support—0% **Catalyst Loans** and **Access Grants**—to:

- Enable projects that would be unlikely to proceed without focused early-stage assistance (the “but for” test);
- Preserve and strengthen energy scopes that might otherwise be reduced or removed due to budget constraints; and
- Facilitate participation in the clean energy transition by organizations serving low-income communities.

The Access & Readiness Capital Program is designed to complement, not replace, full project funding from Reinvestment Fund loan programs and/or other capital providers.

¹ The PECO service territory is the southeastern Pennsylvania counties of Bucks, Chester, Delaware, Montgomery and Philadelphia and selected areas of Lancaster and York counties.

2. Available Financial Tools

2.1 Catalyst Loans (0% Interest Rate Predevelopment and Readiness Loans)

Purpose

Catalyst Loans provide short-term, zero-interest financing to cover eligible predevelopment, planning, and other early-stage costs that are necessary to advance a clean energy or decarbonization project to a financeable, implementation-ready stage.

Illustrative eligible uses

Examples of activities that may be financed with Catalyst Loans include, but are not limited to:

- Energy studies, audits, or modeling to refine project scope and estimate energy and cost savings;
- Design, engineering, and preparation of construction documents related to energy or decarbonization measures;
- Owner's representative or project management services associated with the energy scope;
- Limited enabling work that is directly required to carry out the contemplated energy measures (for example, electrical upgrades necessary to support future electrification or on-site solar), where there is a credible plan for full implementation and long-term financing;
- Other predevelopment or readiness activities that SDF determines are clearly and directly related to the energy components of the project.

Key characteristics (summary)

Final loan terms will be set forth in a loan term sheet and loan agreement. In general:

- **Interest rate:** 0% (no interest charged on outstanding principal).
- **Loan term:** Up to 24 months, typically structured to mature when long-term financing or other identified repayment sources are expected to become available.
- **Repayment:** Expected to be repaid from permanent financing, capital campaign proceeds, or other reliable funding sources associated with project implementation.
- **Underwriting:** Subject to Reinvestment Fund's standard credit review. Borrowers must demonstrate capacity and have a plan for Catalyst Loan repayment.

Catalyst Loans are appropriate where the applicant is otherwise creditworthy but lacks sufficient internal resources or access to affordable predevelopment financing to advance the project.

Program allocation and typical loan sizes

Individual Catalyst Loans finance early-stage costs ranging from **\$50,000 to \$150,000** per project, depending on scope and need.

2.2 Access Grants

Purpose

Access Grants are non-repayable awards intended to address specific technical, planning, or affordability barriers that prevent community-serving organizations from advancing clean energy and electrification projects. They are used in two primary ways:

1. **TESP / Readiness Pathway:** To fund high-quality technical and planning services that define or refine the energy scope and prepare a project to reach a clear decision point regarding implementation and financing.
2. **Small-Scale Implementation Cost-Share:** To provide modest, targeted cost offsets for discrete, electricity-focused measures where the total project cost is relatively small, transaction costs of a loan would be disproportionate, and a debt structure is not appropriate.

Access Grants are not intended to provide general operating support or to finance costs that can reasonably be funded through the applicant's regular capital budget or other readily available sources.

Illustrative eligible uses

Activities that may be supported with Access Grants include:

- **TESP / Readiness Pathway**
 - Engagement of a qualified Technical Energy Service Provider ("TESP") to conduct site assessments, energy audits, feasibility analyses, or electrification road-mapping.
 - Development of vendor-neutral scopes of work, budgets, and implementation plans for building electrification, deep efficiency upgrades, or on-site renewable energy.
 - Preparation of a "decision-ready" package that positions the organization to pursue construction financing, incentive applications, or a Catalyst Loan.
 - Limited owner's-representative support directly tied to the technical and planning work described above.
- **Small-Scale Implementation Cost-Share**
 - Targeted lighting and controls upgrades for nonprofit- or community-owned facilities.
 - Installation of high-efficiency electric water heaters or similar electric end-use equipment in childcare centers, clinics, or comparable facilities.
 - Electric service-panel or wiring upgrades required to enable future electrification measures.
 - Thermostat or building-automation/control upgrades that provide measurable electricity savings.

In all cases, the proposed grant-funded activities must be clearly defined, directly related to the energy scope, and consistent with the "but-for" intent of the program (i.e., the work would not proceed, or would proceed at a significantly reduced level, without SDF support).

Program allocation and typical grant sizes

Individual Access Grants will fall within the following ranges:

- **TESP / Readiness Pathway Grants:** Approximately **\$15,000 to \$75,000** to support technical assessments, energy planning, and decision-ready packages, typically with funds disbursed in stages as key milestones are met.
- **Small-Scale Implementation Cost-Share Grants:** Approximately **\$5,000 to \$25,000** to close funding gaps for discrete, electricity-focused measures.

All Access Grants are expected to be supported by matching contributions consistent with Section 7 (Matching Contributions). SDF may approve awards outside these ranges or adjust match expectations in exceptional cases, taking into account project characteristics, demonstrated need, and remaining program capacity.

3. Eligible Applicants

The Access & Readiness Capital Program is intended to serve **community-focused organizations** that own or operate buildings or facilities and are seeking to incorporate clean energy or energy-efficiency measures.

Eligible applicants include:

- Nonprofit organizations (e.g., organizations recognized under Section 501(c)(3) of the Internal Revenue Code or similar charitable entities);
- Quasi-public entities (such as school districts and housing authorities);
- Cooperatives and community-based organizations, with the exception of religious, political, hospitality, and industrial/manufacturing institutions;
- Small businesses whose projects provide significant community or public benefit.

Applicants must:

- Be duly organized and in good standing under the laws of their jurisdiction;
- Demonstrate appropriate governance and financial management practices;
- Have the legal authority to undertake the proposed project (including site control or an acceptable form of long-term access to the property); and
- Comply with any additional requirements established by SDF and Reinvestment Fund.
- For Catalyst Loan requests, additional underwriting criteria will apply.

Size and access-to-capital focus:

The Access & Readiness Capital Program is intended for smaller organizations. Eligible applicants will have annual operating expenses of **\$1,000,000 or less**. In limited circumstances, SDF may consider applications from organizations with annual operating expenses of up to approximately \$1,500,000,

where the applicant can demonstrate both (i) limited unrestricted reserves and lack of practical access to affordable financing, and (ii) a strong fit with SDF's mission and equity objectives.

Larger projects and sponsors that require predevelopment or implementation financing are encouraged to apply to SDF's standard loan products and other Reinvestment Fund financing tools.

4. Ineligible Uses

Access & Readiness Capital may **not** be used for, among other things:

- Projects with no significant clean energy, electrification, or decarbonization component;
- General building repairs, interior fit-out, or other improvements not substantially related to energy performance or electrification;
- Routine maintenance or operating expenses;
- Refinancing of existing debt or payment of past-due obligations;
- Costs that have already been fully funded from other sources, or that were incurred prior to SDF approval (except where SDF has expressly agreed otherwise in writing);
- Single-family residential projects for individual homeowners;
- Projects or activities that are inconsistent with applicable laws, regulations, or SDF program requirements.

Applicants are encouraged to consult SDF staff if there is uncertainty regarding a particular use.

5. Geographic Focus and Priority Sectors

The Access & Readiness Capital Program is restricted to projects located within:

- The PECO electric service territory (the southeastern Pennsylvania counties of Bucks, Chester, Delaware, Montgomery and Philadelphia, in addition to sections of Lancaster and York Counties), and

Within this geography, SDF expects to give particular attention to:

- Projects that benefit low-income communities;
- Nonprofit organizations and public-serving facilities, such as early childhood education centers, schools, health clinics, community centers, and affordable housing providers;
- Projects that demonstrably reduce energy burdens, improve comfort and health, and enhance resilience.

6. Matching Contributions

Applicants will be expected to provide or secure a matching contribution of at least twenty percent (20%) of the costs supported by Access & Readiness tools.

Acceptable forms of match may include:

- Organizational funds or capital budget allocations;
- Philanthropic grants and donations;
- Already secured public or utility incentives and rebates;
- Other loan or investment capital;
- Documented in-kind contributions directly related to the project (such as donated professional services or staff time), where pre-approved by SDF.

The match requirement is intended to demonstrate shared commitment and to leverage SDF resources, not to exclude smaller or financially constrained organizations. Applicants are encouraged to discuss potential match structures with SDF staff during the application process.

7. Application and Review Process

7.1 Initial Inquiry / Interest Form

Organizations interested in the Access & Readiness Capital Program should first submit a brief **Interest Form** providing:

- Organization and contact information;
- A concise description of the project and facility;
- Project location and sector;
- A short statement of what type of assistance is sought and why;
- An indication of desired timing.

SDF staff will review the Interest Form to determine whether:

- The organization and project meet basic eligibility criteria;
- The request is more suitable for an **Access Grant**, a **Catalyst Loan**, or a standard **SDF or other Loan**; and
- The project is ready to proceed to a **Full Application** or would benefit from additional preliminary discussion.

Staff may schedule an initial conversation to clarify the project concept and discuss next steps.

7.2 Full Application

Applicants invited to proceed will be asked to complete a **Full Application Form** and provide supporting materials. Depending on the nature of the request, this may include:

- Detailed description of the project and energy scope;
- Proposed tasks, deliverables, and timeline for the work to be supported by SDF;
- A project budget, including the portion related to Access & Readiness activities, and a summary of all funding sources and match;
- Information on project readiness, such as site control, existing approvals, and availability of utility or building data;
- Recent financial statements, current-year budget, information on existing indebtedness, and other materials.

SDF staff may work with applicants to refine the proposed scope of work and to determine the most appropriate combination of grant and loan support.

7.3 Review and Decision

Applications are expected to be accepted on a **rolling basis**, subject to the availability of funds. SDF will provide applicants with a general estimate of review timelines once a Full Application is received. Actual timing may vary depending on project complexity, the need for technical assessments, and coordination with other funders or financing.

Submission of an application does not guarantee an award. SDF may approve, decline, or request modifications to applications at its discretion.

Catalyst Loans are subject to Reinvestment Fund's credit policy and processes. Applicants will be asked to provide sufficient financial and organizational information to allow Reinvestment Fund to perform this assessment.

8. Role of Technical Energy Service Providers (TESPs)

In accordance with program requirements, SDF will generally involve a **pre-vetted independent Technical Energy Service Provider ("TESP")** in each Access & Readiness award to help ensure that proposed energy and decarbonization measures are technically sound, appropriately scoped, and reasonably priced.

As part of the application and review process, TESPs may:

- Conduct site visits and technical assessments;
- Analyze energy usage and model potential savings;
- Assist in defining and prioritizing energy measures;
- Prepare or review scopes of work, budgets, and implementation plans; and

- Identify key technical risks and provide recommendations regarding feasibility.

Applicability to Access Grants and Catalyst Loans

- For **Access Grants**, a TESP engagement or review is required, given the program's focus on technical and planning barriers.
- For **Catalyst Loans**, a TESP engagement or review is expected in most cases, particularly where the loan supports defined energy measures or significant design and engineering work.
- In limited circumstances—such as very early-stage planning loans that support high-level organizational or financial planning before an energy scope is defined—SDF may determine that a full technical review is not yet necessary. In such cases, SDF may rely on a more limited desk review and may require a TESP engagement at a later stage, prior to major design or implementation commitments.

Cost of TESP services

The cost of any required TESP services is the responsibility of the prospective borrower or grantee. However, **Access Grants and/or Catalyst Loans may be used to pay all or a portion of these costs**, provided that the request meets program eligibility and budgeting criteria.

Applicants may propose to work with their own engineer, energy consultant, or other third-party technical partner. However, in all cases where a technical review is required, a Reinvestment Fund-vetted TESP will be engaged to perform an independent review of the proposed scope and, where applicable, of any third-party assessments or models, to confirm reasonableness and alignment with program objectives. Associated costs will be considered as part of the Access Grants or Catalyst Loan.

While TESP findings are an important input to SDF's decision-making, they do not by themselves guarantee an award. Final funding decisions remain at the discretion of SDF and Reinvestment Fund.

9. Award Documentation and Conditions

9.1 Catalyst Loans

Approved Catalyst Loans will be documented through a loan term sheet and loan agreement (and related documents, as appropriate), which will specify:

- Loan amount, term, and repayment schedule;
- Permitted uses of loan proceeds;
- Security interests or collateral (if any);
- Reporting and information requirements;
- Events of default and remedies; and
- Any additional conditions specific to the transaction.

The loan agreement will govern in the event of any conflict with these guidelines.

9.2 Access Grants

Approved Access Grants will be documented through a grant agreement, which will set forth:

- Grant amount and approved budget;
- Purpose and scope of the grant;
- Milestones and deliverables;
- Disbursement schedule (e.g., advance, progress-based, or reimbursement);
- Reporting requirements;
- Conditions for modifications, suspension, or termination.

Grantees may be required to return unexpended funds if the project does not proceed or if funds are not used for the approved purposes.

10. Reporting, Monitoring, and Public Acknowledgment

Recipients of Access & Readiness support will be expected to:

- Provide periodic progress updates and confirm completion of key milestones;
- Document how SDF funds were used (e.g., invoices, work products, or similar evidence);
- Share, where feasible, information on energy performance or other outcomes following implementation;
- Cooperate with reasonable requests from SDF for information needed to evaluate the program.

SDF and Reinvestment Fund may prepare case studies or summaries of projects supported through the program. Any public communications will be developed in consultation with the recipient and will respect appropriate confidentiality considerations.

Recipients may be asked to acknowledge SDF support in project-related communications, subject to mutually agreed language.

11. Amendments and Additional Information

These guidelines are intended to provide a general description of the Access & Readiness Capital Program. SDF and Reinvestment Fund reserve the right to modify program terms, priorities, eligibility criteria, and procedures at any time.

Questions may be directed to: SDF@reinvestment.com. Use subject line: **Sustainable Development Fund – Access & Readiness Capital Program**