

BUDGET NARRATIVE

The Pennsylvania Department of Environmental Protection (DEP) proposes a modular budget that can be scaled based on the availability of funding within the \$250-\$500 million funding tier established by the Notice of Funding Opportunity (NOFO). In general terms, the proposed budget:

- Allocates a fixed amount of funding to establish the DEP Program Management Office (PMO), which will consist of dedicated DEP employees and certain outside contractors and specialists with domain knowledge in measurement, monitoring, and verification (MMV), financial analysis, systems engineering, and design.
- Allocates a fixed amount to administer the Small-scale Award Track (SAT), expanding DEPs existing roadmap and stakeholder relationships described in the Workplan Narrative to maximize the value of ongoing decarbonization and energy efficiency efforts.
- Offers to scale and scope projects targeting medium- and large-scale industrial decarbonization investments based on the global budget to execute this program design.

This Budget Narrative uses the following budget categories to break out costs associated with implementation of the proposed measures: Personnel, Fringe Benefits, Travel, Supplies, Contractual, Other, and Indirect. An explanation of costs associated with each measure and a consolidated budget are presented below. A breakdown of costs for each budget category for RISE PA is provided in the CPRG Implementation Grants Budget Table (Budget Table) included with this proposal. See the Measure 1 Budget tab in the Budget Table for itemized costs associated with each budget category.

1. Budget Detail

a. Personnel (\$2,979,508 total)

DEP will use grant funds for one full-time equivalent (FTE) Infrastructure Implementation Coordinator 2 (Infrastructure Coordinator), 2 FTE Energy Programs Specialists (EPS'), 1 FTE Bonus Award Compliance Coordinator (BACC), 0.5 FTE Attorney 4 (Non-supervisory), 1 FTE Administrative Officer 2 (AO2) and 1 FTE Clerical Assistant 3 (Clerical Assistant) to administer RISE PA.

The Infrastructure Coordinator will lead and oversee the overall administration of the program and will be responsible for drafting Requests for Proposals (RFPs), program guidelines, and other written materials associated with program design and implementation. The Infrastructure Coordinator will also oversee the work of the other members of the PMO, interface with and manage contractor relationships, develop scopes of work, and lead outreach efforts and stakeholder engagement with industrial stakeholders to continue spreading awareness of and building industry interest in RISE PA. This position currently sits within the Governor's Office of Critical Investments and is held by Louie Krak, who has led the development of this proposal and the RISE PA program design. Should RISE PA receive funding, Mr. Krak would continue to lead the program.

The PMO will also include two EPS' who will be responsible for administering the medium-scale award track (MAT) and large-scale award track (LAT). Work will involve serving as GHG Emissions Reduction Project (GERP) project managers, evaluating and scoring GERP proposals, and providing technical assistance to applicants. The EPS' will assist the Infrastructure Coordinator with RFP development in addition to performing research assignments, gathering and analyzing program data, and preparing the Industrial Decarbonization Playbook report.

The BACC will be responsible for overseeing and managing the Community Benefits Bonus (CBB), Fair Labor Bonus (FLB), and GHG Emissions Reduction Bonus (GERB) to ensure all bonus requirements are met and compliance is maintained throughout the lifecycle of the RISE PA grant award. The BACC will determine geographic eligibility and review and approve Community Benefits Plans for the CBB. This position will also review, approve, and oversee compliance for Good Neighbor Agreements and Collective Bargaining Commitments under the FLB in collaboration with the Keystone Research Center (KRC) in addition to coordinating with the Pennsylvania Department of Labor & Industry to ensure projects adhere to the program requirements under the Commonwealth Workforce Transformation Program. The BACC will work with third-party contractors to verify the technical feasibility of GERPs that qualify for the GERB and conduct MMV to verify the actual GHG emissions reductions that are achieved upon the completion of medium- and large-scale GERPs.

The Attorney 4 will conduct all the professional legal work needed for RISE PA administration and will independently handle the difficult, novel, and important legal matters that may arise in addition to providing general legal advice to the PMO. This position will review all program documents, including program guidelines, RFPs, and procurement contracts to ensure adherence with state and federal laws.

The AO2 will provide administrative support for the PMO, including performing the full range of management functions, including conducting meetings and correspondence, preparing reports, and interacting with applicants to gather or give information, resolve complaints, eliminate program barriers, and engender support for RISE PA program objectives. Work will involve directing and coordinating office management, purchasing accounting, records management, budgeting, and personnel administration. The AO2 will help to review, analyze, and develop program policies and operating procedures and will organize, assign, and evaluate the work of the Clerical Assistant.

The Clerical Assistant will provide office support, including reviewing and processing data, information, forms, and other documents related to RISE PA administration. Work will involve creating and formatting documents, organizing and verifying information, performing mathematical calculations, maintaining files and records, and assisting applicants in completing application forms or obtaining general information about RISE PA. The Clerical Assistant will also provide general clerical support to other staff or for overall PMO operations.

Reasonableness of Cost: Personnel expenditures are critical to the success of RISE PA because DEP currently does not have the internal capacity to administer a program of this scale without hiring staff that are fully dedicated to program implementation.

b. Fringe (\$2,167,593 total)

Fringe benefits for DEP employees are equal to 72.75% of salary and include health insurance, enrollment in the State Employees' Retirement System, and paid sick leave, holidays, and vacation time.

Reasonableness of Cost: Fringe benefits are determined by the Governor's Budget Office.

c. Travel (\$47,300 total)

The travel budget will be used to accommodate in-state travel to conduct stakeholder engagement primarily within the industrial sector but also within communities that host major industrial operations to spread awareness of and generate interest in submitting GERPs to RISE PA and will include the costs of hotel stays, per diems, and mileage for local travel. Given that the program team will be based in Harrisburg, Pennsylvania, overnight travel will be required to conduct outreach and host workshops in

southwestern Pennsylvania and will include regular attendance at the quarterly Southwestern Pennsylvania Decarbonization Forum meetings in Pittsburgh. Overnight travel may also be required to attend outreach events in northwestern and northeastern Pennsylvania. Out-of-state travel will be required for the Infrastructure Coordinator to attend the National Association of State Energy Officials (NASEO) Annual Conference and the National Association of Clean Air Agencies (NACAA) Spring Conference to share RISE PA progress with peer states and encourage program design adoption and will include the costs of airfare, luggage fees, hotel stays, taxi/rideshare services, and airport parking.

Reasonableness of Cost: Traveling to conduct outreach and host workshops for industrial stakeholders and community members is integral to spreading awareness about RISE PA to ensure DEP receives adequate and competitive medium- and large-scale GERP proposal submissions and the communities in which these GERPs will occur are aware of the projects and their associated benefits. Participating in the NASEO Annual Conference NACAA Spring Conference will offer national platforms to promote RISE PA and encourage adoption by other State Energy Offices and Clean Air Agencies.

d. Supplies (\$33,000 total)

Anticipated supply cost include seven laptop computers for new staff hired to administer RISE PA and other miscellaneous office supplies needed to support this work, including those needed to print and assemble written materials for stakeholder engagement sessions and workshops.

Reasonableness of Cost: Laptop computers will be the primary tools with which RISE PA staff will conduct their daily work. General offices supplies are critical to the functioning of any office and are necessary for creating written communication tools to disperse at workshops and community meetings.

e. Contractual (\$12,635,000 total)

DEP will use a competitive bid process to procure contractors to perform the following tasks:

- Measure baseline air pollutants, GHGs, and air toxics in communities hosting medium- and large-scale GERPs;
- Conduct MMV to verify GHG and co-pollutant emissions reductions upon the completion of medium- and large-scale GERPs;
- Review and evaluate the RFP DEP will issue to solicit for medium- and large-scale GERPs and analyze GERP medium- and large-scale project proposals for technical feasibility;
- Review and evaluate GERP proposals for financial feasibility across all Award Tracks;
- Publish the Industrial Decarbonization Playbook with case studies of successful GERPs; and
- Procure translation services for program guidelines, application templates, and marketing/outreach materials to ensure language access needs are addressed.

Reasonableness of Cost: Outside contractors will provide specific expertise to supplement and help support the RISE PA team.

f. Other (\$456,509,975 total)

Other costs included in this budget include registration fees for attending the NASEO Annual Conference, NACAA Spring Conference, participant support costs, and subawards.

Participant support costs for RISE PA will include:

- Medium-scale GERP awards: \$100,000,000 for 5-50 awards from \$2,000,000-\$20,000,000

- Large-scale GERP awards: \$300,000,000 for 1-10 awards from \$30,000,000-\$300,000,000

Within the MAT and LAT, DEP will allocate \$400 million of total grant funding to owners and operators of Pennsylvania-based industrial or manufacturing facilities to implement medium- and large-scale GERPs that reduce GHG emissions from one or more industrial subsectors listed in Table 1 of the Workplan Narrative. DEP may issue awards addressing GHG emission in one, multiple or none of the industrial subsectors listed in Table 1 depending on the number and quality of applications. To provide applicants with flexible funding, up to 90% of the overall award will be made available as project costs are incurred. All remaining funds will be awarded upon completion of a measurement and verification analysis conducted by a third-party evaluator and will be subject to readjustment based on the participant's performance relative to their stated carbon reduction goal.

Participant Support Costs Reasonableness of Cost: The award ranges for the SAT, MAT and LAT listed in Table 2 of the Workplan Narrative were derived as follows: The maximum award available under the SAT is \$400,000 at a 50% cost share, which is analogous to the U.S. Department of Energy's Industrial Assessment Centers Implementation Grant Program in which small- and medium-sized manufactures (SMMs) can receive grants of up to \$300,000 at a 50% cost share. The SAT is further broken down into sub-tiers to allow provide funding for smaller project sizes. The award ranges for the MAT and LAT are loosely based on the amounts provided in EPA's Example Budget Table (Example Budget) that outlines an industrial decarbonization program on pages 45-47 of the NOFO. The Example Budget allocates \$22.5 million for medium-scale projects and \$75 million for large-scale projects, which total just under \$100 million. Given that RISE PA proposes to allocate four times as much funding to the MAT and LAT, these numbers were approximately quadrupled to allot \$100 million to the MAT and \$300 million to the LAT. The Example Budget assumes an average cost of \$450,000 and \$3 million for medium- and large-scale projects, respectively. When multiplied by four, these amounts become \$1.8 million and \$12 million. The minimum award sizes for the MAT was rounded up to \$2 million, and the minimum award size for the LAT was set at \$30 million, which is 2.5 times the \$12 million value because the LAT will fund large, transformative industrial projects with high up-front capital costs.

DEP believes that allocating \$400 million for the MAT and LAT is justified given the significant interest the industrial sector has expressed in utilizing RISE PA funding for medium- and large-scale industrial decarbonization projects. DEP has solicited and received 22 letters of support from a diverse coalition of Pennsylvania industrial companies that are appended to this application. The following 20 companies indicated their legally non-binding intent to submit one or more project proposals for consideration should RISE PA receive funding: Cordia, High Concrete Group, Holcim, Industrial Scientific Corporation (ISC), Ashley Machine & Tool Company, General Dynamic Ordnance and Tactical Systems, JLG Industries, Liberty Coca-Cola Beverages, PFNonwovens LLC (PFN), Mid-Atlantic Clean Hydrogen Hub, Inc., New Enterprise Stone & Lime Co. (NESL), Inc., CNX, Iron Senergy, Case Builders Supply & Trucking (CBS), Lindy Paving, Heidelberg Materials North America, Philadelphia Water Department (PWD), Bimbo Bakeries USA, Inc., United Refining Company, and Graymont. Thirteen of these companies included details in their letters of support regarding potential projects they would like to propose for consideration under the MAT and LAT. *Please note that, by providing these descriptions, DEP does not represent that the projects would necessarily be selected or have already been selected for funding under the proposed program. Descriptions are provided to document the scale and scope of proposed investments and to help EPA confirm the alignment of potential Pennsylvania projects to the GHG emissions reductions described in the Workplan Narrative.*

- Iron Senergy (Iron) is a veteran-owned business that manages an active underground coal mine, a closed underground coal mine, and approximately 15,000 acres of surface land. Iron employs over 750 individuals, including approximately 575 miners represented by Local 2300 of the United Mine Workers of America, making it one of the largest employers in Greene County and the last union coal operator in Pennsylvania. Under federal regulations promulgated by the Mine Safety & Health Administration, Iron is required to monitor and ventilate methane at the Cumberland Mine for the safety of its workforce. Rather than allow this type of methane to simply be emitted into the atmosphere, Iron is taking a different approach, as detailed below:
 - Gob Vent Boreholes (GVBs): For worker safety, Iron will periodically drill gob vent boreholes behind active coal mining operations at the Cumberland Mine. Iron is collaborating with a mine methane capture and gathering company to evaluate the construction of a new gathering network to capture coal mine methane that would otherwise be vented to the atmosphere from GVBs in the active sections of the Cumberland Mine. Iron estimates that this type of GVB gathering network would require approximately \$40-\$50 million in capital to construct and would be able to serve 40-50 GVBs at the Cumberland Mine over the next five years.
 - Ventilation Air Methane (VAM): For worker safety, Iron maintains ventilation air shafts and ventilation air systems at the Cumberland Mine. Iron is evaluating the purchase and installation of a large capacity regenerative thermal oxidizer (RTO) system to abate methane emissions from its main ventilation shaft. Currently, there is only one RTO system operating at a coal mine in the United States (in Virginia) and only six operating globally, so this would truly be an innovative project. Iron estimates that a new RTO system would require approximately \$15-\$20 million in capital to purchase and install. Iron is also evaluating the purchase and relocation of an idle RTO system located in the region, but expects similar capital requirements for the disassembly, relocation and refurbishment of that system. The total cost of these two projects is expected to fall between \$55-\$70 million, qualifying Iron Senergy to pursue either the MAT or LAT.
- CNX Resources is a premier, ultra-low carbon-intensive natural gas development, production, midstream, and technology company centered in Appalachia. If DEP receives funding for RISE PA, CNX intends to submit a medium- or large-scale GERP proposal to capture coal mine methane from an active operation in southwestern Pennsylvania. This project will prevent methane from escaping to the atmosphere and utilize it for beneficial use and will create direct jobs in key disadvantaged and energy communities while improving air quality, driving down emissions, encouraging partnerships with labor organizations, strengthening their existing regional supply chain, and generating tax revenues that foster economic growth and sustainability within the local community.
- Given the traditional role of carbon-intensive cement in the manufacture of concrete, the High Concrete Group intends to submit a project proposal to develop alternative cementitious bonding agents to fully or partially replace cement. This work would consider the use of ultra-high-performance concrete, which would reduce weight and potentially offer additional GHG reductions. This project would involve both capital and research and development (R&D) components, with an approximate upfront investment of \$2.5-\$3.5 million in lab and production equipment costs, additional mixing silos, as well as \$300-400,000 in annual R&D support for a period of 4-5 years to find a suitable replacement for cement in concrete production.
- PWD is a municipal wastewater treatment facility that intends to submit two project proposals for consideration that involve the addition of mixers in their existing anaerobic digesters and the implementation of biogas purification facilities to generate renewable natural gas (RNG). The digester mixer project will help achieve their GHG emissions reduction goals and reliance on

natural gas by optimizing the treatment process and enhancing biogas production. The biogas purification project will create a more readily usable natural resource (i.e., RNG), thereby reducing biogas flaring and reliance on natural gas. The total estimated capital to implement both projects is \$130 million would directly benefit over 637,000 residents living in disadvantaged communities.

- NESL intends to submit a project proposal for consideration to electrify the rock crushing plant at the Evansville Quarry, as well as several similar projects to electrify diesel powered equipment. The Evansville crushing plant currently uses two diesel powered generators to power the rock crushing equipment on the site. The proposed project will replace the two Caterpillar 3412 diesel engines with electric line power, which will reduce carbon dioxide (CO₂) emission by 67% and nitrous oxide (NO_x) emissions by 99%.
- Lindy Paving intends to submit a project proposal for consideration to decommission their existing plant and construct a new energy-efficient version, that will include advanced burners, heat recovery systems, and efficient drying/mixing equipment that will be designed to increase the sustainability of the asphalt produced by allowing higher percentages of Reclaimed Asphalt Pavement (RAP) to be used, which will prevent 15,000 tons of CO₂ from being released per year. Investment in this project will result in a 49% reduction in carbon monoxide, over 84% reduction of volatile organic compounds, and over 40% reduction of NO_x emissions.
- CBS intends to submit a project proposal to decommission their existing plant and construct a new, energy-efficient version that will include electric conveyors to transport aggregates (which would replace diesel equipment), silos dedicated to maximizing supplementary cementitious materials opportunities, energy efficient heat recovery systems for cold weather concrete mixing, and electric equipment charging infrastructure to prepare for fleet electrification.
- ISC has identified an HVAC project that would reduce 407 metric tons of CO₂ equivalent (MTCO₂e) from decreased electricity usage and 197 MTCO₂e from decreased natural gas usage. These types of projects are currently a challenge for them to fund due to budgetary constraints; nonetheless, they are required to implement projects that provide at least a 6% GHG reduction year over year. ISC has identified other projects in their pipeline that would meaningfully reduce their carbon footprint and would relish the opportunity to utilize funding to implement them and help drive a more environmentally responsible approach to manufacturing in the southwestern Pennsylvania region.
- PFN intends to submit a project proposal for consideration that will target the utilization of waste heat to offset current natural gas demand. Project cost for engineering, fabrication, and installation is anticipated to exceed \$500,000. Resulting solution will provide upwards of 1,500 MTCO₂e savings through estimated energy savings of \$200,000 and 28,000 MMBTU/year in reduced natural gas consumption.
- General Dynamic Ordnance and Tactical Systems intends to submit a project proposal for consideration to replace a large continuous heat treat furnace that is currently powered by enormous amounts of natural gas and operates 24 hours a day, seven days per week.
- United Refining Company intends to submit multiple project proposals for consideration, including carbon capture and sequestration and electrifying gas-powered compressors.
- Holcim intends to submit a project proposal for consideration at their innovative Whitehall facility. RISE PA funding would enable Holcim to speed up their decarbonization efforts by allowing them to utilize more recycled plastic material as fuel, thereby lowering their dependency on fossil fuels and lowering their CO₂ emissions.
- Liberty Coca-Cola Beverages is interested in submitting a proposal for a large-scale CHP system with carbon capture and CO₂ recovery project.

Strategen Consulting also interviewed 14 industrial companies, including Shell, Consol Energy (Consol), Rosebud Mining (Rosebud), ATI Materials (ATI), and RHI Magnesita (RHI), all of which expressed legally non-binding interest in implementing GHG emissions reductions projects at their facilities. Strategen identified a total of 30 potential candidate projects for RISE PA funding, which include four material efficiency, ten energy efficiency, six electrification or renewable energy generation, seven fuel switching, two methane abatement, and one carbon capture and storage solutions. Of these, 8 were estimated by Strategen to be immediately implementable (in the next year), 17 implementable in the near term (1 to 3 years), and 5 implementable in the midterm (3 to 5+ years).

- Consol is interested in installing RTO systems on 10 liter mine shafts to address ventilation methane and anticipates they could implement this project within in 2-4 years, when accounting for planning and testing. The estimated cost is \$15-25 million/RTO unit, and Consol believes a potential opportunity for cogeneration exists in the future, given their high heat output. Consol also expressed high interest in installing solar photovoltaic systems at all 22 of their water treatment facilities, which could be implemented by 2026 or 2027 and would reduce the company's total emissions footprint by approximately 5% at a cost of \$12-20 million.
- Similarly, Rosebud is keenly interested in deploying on-site solar generation at their water treatment facilities and must asses the costs and power output requirements.
- ATI is evaluating several near- and mid-term projects, including heat recovery, replacing an old natural gas boiler with a CHP system, and fuel switching from natural gas to RNG.
- RHI is interested in on-site solar generation, which is currently cost-prohibitive, and switching their rotary kilns from burning coal to an alternative fuel such as natural gas or hydrogen.

Subawards issued to PennTAP and Catalyst Connection will support the following activities associated with administering the SAT:

- \$40,000,000 for 100-1,660 small-scale GERP awards between \$25,000 and \$400,000 to be administered by PennTAP;
- \$4.1 million to PennTAP to administer and manage awards for small-scale GERPs that fall within the SAT. This includes salaries and fringe benefits for 1 FTE Principal Investigator, 1 FTE Program Manager, 2 FTE Portfolio Managers, 0.5 FTE Communications/Web Manager, 0.5 FTE Data Analyst, and 1 FTE Staff Assistant, and travel and computer expenses. Other activities that will be conducted within the constraints of this budget include:
 - Measurement, monitoring, and verification activities to capture source GHG emissions reduction impacts and verify small-scale GERP implementation;
 - Conducting assessments and data collection needed to track, measure, and report actual accomplishments within the SAT; and
 - Evaluation and metrics-tracking activities.
- \$4 million to PennTAP to conduct 266 additional industrial Energy Assessments for SMMs from 2024-2029 at a cost of \$15,000 per assessment;
- \$4 million to Catalyst Connection to competitively procure and manage a third-party contractor to perform 160 GHG Emissions Reduction Audits for SMMs from 2024-2029 at a cost of \$25,000 per assessment;
- \$2.4 million to Catalyst Connection to perform education and outreach and provide technical assistance to SMMs to build out the pipeline of small-scale GERPs. This includes salaries and fringe benefits for 1 FTE Project Manager, 0.25 FTE SMM Outreach Support Specialist, 0.5 FTE Grants Specialist, and 0.5 FTE Communications Support Specialist, travel expenses, supplies, and

contractual expenses for creating technical content and thought leadership. Other activities that will be conducted within the constraints of this budget include:

- Gathering and disseminating informational and educational content on industrial decarbonization, including baseline measurement, goal setting, common mitigation strategies and other topics that will seek to engage manufacturing leaders in this initiative;
- Planning and hosting informational workshops and webinars across Pennsylvania;
- Conducting assessments and project planning activities with above-average emitters;
- Coordinating third-party providers, including PennTAP and other Industrial Assessment Centers, to provide access to Energy Audits other emission mitigation strategies;
- Support SMMs as they seek to apply for state funds by formulating project details, coordinating technical providers and organizing projects according to state CPRG requirements and provide project management support, as needed; and
- Measure and evaluate results, and report on results according to EPA CPRG requirements.

A \$2,005,175 subaward issued to KRC will support the following activities related to workforce development and the administration of the FLB and includes salaries and fringe benefits for 0.25 FTE Principle Investigator, 0.8 FTE Project Coordinator, 0.4 FTE Senior Research and Policy Analyst, 0.05 FTE Office Manager, 0.05 FTE Communications Support, travel expenses, contractual, and indirect costs:

- Provide input on RISE PA implementation and Fair Labor Bonus administration, including requests for proposals and scoring metrics used to distribute the funds.
- Assist with planning, outreach, convening, and relationship building that deepens the integration of organized labor into Pennsylvania's industrial decarbonization effort.
- Develop template model local hire agreements with provisions related to diverse local hiring, preferential hiring for dislocated coal workers, and apprenticeship utilization.
- Provide input on an organizational and work plan for the creation of the Keystone True Transition Partnership that would seek to break new ground by enabling a meaningful share of dislocated coal workers to find a new union job that draws on their prior experience and skills, pays similar compensation to their former job, and is located near where workers live.
- Grant reporting, including writing case studies for the Industrial Decarbonization Playbook, that fully captures for USDOL and the national industrial decarbonization effort the successes, best practices, and other learnings from Pennsylvania's program.

Subawards Reasonableness of Cost: PennTAP, Catalyst Connection, and KRC provided detailed budget breakdowns of their administrative costs. By leveraging their existing programmatic infrastructure and staff capacity, DEP can focus its staff resources on administering the MAT and LAT.

g. Indirect Costs (\$1,440,158 total)
Indirect charges account for 27.98% of personnel costs.

Reasonableness of Cost: As DEP's cognizant federal agency, EPA approved the indirect cost rate of 27.98% effective 7/1/2024.

2. Consolidated Budget by Year

BUDGET BY YEAR							
COST-TYPE	CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Direct Costs	TOTAL PERSONNEL	\$556,567	\$575,135	\$593,972	\$615,671	\$638,163	\$2,979,508
	TOTAL FRINGE BENEFITS	\$404,902	\$418,411	\$432,115	\$447,901	\$464,264	\$2,167,593
	TOTAL TRAVEL	\$9,460	\$9,460	\$9,460	\$9,460	\$9,460	\$47,300
	TOTAL EQUIPMENT	\$0	\$0	\$0	\$0	\$0	\$0
	TOTAL SUPPLIES	\$29,000	\$1,000	\$1,000	\$1,000	\$1,000	\$33,000
	TOTAL CONTRACTUAL	\$1,015,000	\$1,355,000	\$1,905,000	\$3,155,000	\$5,205,000	\$12,635,000
	TOTAL OTHER	\$91,301,995	\$91,301,995	\$91,301,995	\$91,301,995	\$91,301,995	\$456,509,975
	TOTAL DIRECT	\$93,316,924	\$93,661,001	\$94,243,542	\$95,531,027	\$97,619,882	\$474,372,376
	TOTAL INDIRECT	\$269,019	\$277,994	\$287,099	\$297,587	\$308,459	\$1,440,158
TOTAL FUNDING		\$93,585,943	\$93,938,995	\$94,530,641	\$95,828,614	\$97,928,341	\$475,812,534

3. Consolidated Budget by Project

BUDGET BY PROJECT			
Project Number	Project Name	Total Cost	% of Total
1	RISE PA	\$475,812,534	100%
Total		\$475,812,534	100%

4. Expenditure of Awarded Funds

DEP will expend and account for awarded funds in accordance with state laws and procedures for expending and accounting for the Commonwealth's own funds. The financial management system for DEP complies with the requirements of 2 CFR 200.302(b). The Commonwealth uses an electronic accounting/ERP system called SAP. The Commonwealth undergoes regular annual independent financial audits completed by the Pennsylvania Auditor General and Clifton Larson Allen, LLP. The Accounting System is in accordance with Generally Accepted Accounting Principles applicable to the circumstances and associated applicable federal regulations.

The Accounting System provides for the following: segregation of direct costs from indirect costs; identification and accumulation of direct costs by project; a logical and consistent method for the allocation of indirect costs to intermediate and final cost objectives; a labor distribution system that charges direct and indirect labor to appropriate cost objective; and an interim (at least monthly) determination of costs charged to a project through routine posting of books of account. The Accounting System excludes costs charged to state government projects that are not allowable in under 2 CFR 200, Subpart E, or 48 CFR 31.2 (FAR Part 31), Contract Cost Principles and Procedures, or other provisions, as applicable and provides identification of costs by project line item and by units if required. The Accounting System provides for the monitoring of project or program expenditures for comparison with state appropriations of federal funds, grant budget, budget categories, and/or program activities. Agency program managers are notified of transactions that would overcommit or over-expend. Subrecipient's incurrence of costs at a summary level are monitored for compliance with financial requirements. Vendor records are kept and an invoice tracking report is used to track invoice documents through the invoice processing life cycle including payment.

DEP will enter into a subaward agreement with PennTAP and Catalyst Connection prior to disbursement of subaward funds. These agreements will include all applicable pass-through requirements for subrecipients in accordance with [EPA's Subaward Policy](#) and [EPA's General Term and Condition for](#)

Subawards. To ensure that awarded grant funds will be expended in a timely and efficient manner within the grant period, DEP will begin advertising the opening of the RFP for medium- and large-scale GERPs upon receiving notice of the award. By conducting direct outreach with industrial stakeholders who responded to the RFI and/or provided letters of support stating their intent to apply for RISE PA, DEP will ensure that industrial facilities with prospective projects are aware of when they can begin applying for funding. DEP will evaluate GERP proposals on a tri-annual basis and award funding first-come-first-served to allow industrial facilities to have as much time as possible to complete GERPs within the five-year period of performance.

Once a medium- or large-scale GERP is selected to receive an award, the EPS' will establish an award disbursement schedule based on the milestones associated with each project. Once an applicant completes the tasks outlined in milestone, they will apply to DEP for reimbursement for the associated implementation costs. To provide applicants with flexible funding, up to 90% of the overall award will be made available as a draw request provided no more often than monthly based on project costs incurred, reviewed, submitted, and physically inspected by DEP program staff. All remaining funds will be awarded upon completion of an MMV analysis conducted by a third-party evaluator and will be subject to readjustment based on the participant's performance relative to their stated carbon reduction goal. The semi-annual reports and final report will include a breakdown of expenditures associated with implementation of this proposal.

Please note that although DEP is requesting \$475,812,534 to fund RISE PA, the budget can be modified should EPA choose to partially fund this request. For example, if issued a \$257,460,026 million award, DEP would adjust the proposed budget as shown as follows:

- The allotment across all three Award Tracks will decrease from \$440 million to \$240 million as follows:
 - The SAT will maintain its \$40 million allotment and will provide 100-1,600 awards from \$25,000-\$400,000 as described in Table 2 of the Workplan Narrative.
 - The Medium-scale Award Track's allotment will decrease from \$100 million to \$50 million and will provide 2-25 awards from \$2-20 million.
 - The Large-scale Award Track's allotment will decrease from \$300 million to \$150 million and will provide 1-5 awards from \$30-\$150 million.
- The subawards to PennTAP and Catalyst Connection to administer the SAT will remain at \$4.1 million and \$2.4 million, respectively, as described in the original \$475,812,534 budget proposal because the SAT funding allotment will remain unchanged.
- The subaward to KRC will remain at \$2,005,175 because workforce development technical assistance will still be required to administer the FLB.
- The allotments for Personnel and Fringe Benefits will decrease by 50% from \$2,979,508 to \$1,489,754 and \$2,167,593 to \$1,083,797, respectively (cut in half because the MAT and LAT funding will decrease by 50%.
- The allotment for Travel will remain the same at \$47,300.
- The allotment for Supplies will decrease by 50% from \$33,000 to \$16,500 because Personnel will decrease by 50%.
- The allotment for Contractual will decrease by 50% from \$12,635,000 to \$6,317,500 because MAT and LAT funding will decrease by 50%.
- These adjustments will result in a total budget of \$257,460,026.