A. Budget Detail

The PEA CPRG Program has a total budget of $197,822,956, of which $155M, or nearly 80% of project funds, will deliver benefits directly to LIDAC census tracts. The budget covers four GHG reduction measures:

- Measure 1, Actions to Support Decarbonization of Local Government Operations with a forecasted budget of $96,048,384 or 48% of the total budget;
- Measure 2, Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Residential Buildings with a forecasted budget of $80,414,711 or 41% of the total budget;
- Measure 3, Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Commercial Buildings with a forecasted budget of $17,716,467 or 9% of the total budget;
- Measure 4, Actions to Transition Light Duty Vehicles to Low or No Carbon Emission Vehicles with a forecasted budget of $3,643,394 or 2% of the total budget.

The indirect charges, which cover expenses such as overhead costs and administrative salaries & fringe, are based upon the de minimis rate of 10% of the Modified Total Direct Cost. The table below provides the IDC calculation:

Items	IDC Amount
Personnel	$3,279,844
Fringe	$852,759
Travel	$61,650
Supplies	$38,058
Contractual	$37,132,881
Other (Prof. Dev & Data)	$66,188
Other (Subrecipients*)	$925,000
MTDC	**$42,356,379**
Indirect cost	**$4,235,638**

**Subrecipients 37 x $25,000 = $925,000*

The projected PEA CPRG Program spending during the 5-year program performance period is further detailed by categories and line items in the table below and the attached spreadsheet:

Total Project Budget	
Category	**Budget Amount**
Personnel	**$3,279,844**
Measure 1: Actions to Support Decarbonization of Local Government Operations	$855,728
Measure 2: Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Residential Buildings	$1,936,350
Measure 3: Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Commercial Buildings	$436,942
Measure 4: Actions to Transition Light Duty Vehicles to Low or No Carbon Emission Vehicles	$50,823
Fringe Benefits	**$852,759**
Measure 1: Actions to Support Decarbonization of Local Government Operations	$222,489
Measure 2: Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Residential Buildings	$503,451
Measure 3: Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Commercial Buildings	$113,605

Measure 4: Actions to Transition Light Duty Vehicles to Low or No Carbon Emission Vehicles	$13,214
Travel	**$61,650**
Measure 1: Actions to Support Decarbonization of Local Government Operations	$10,949
Measure 2: Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Residential Buildings	$36,678
Measure 3: Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Commercial Buildings	$13,408
Measure 4: Actions to Transition Light Duty Vehicles to Low or No Carbon Emission Vehicles	$615
Equipment	**$0**
Measure 1: Actions to Support Decarbonization of Local Government Operations	$0
Measure 2: Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Residential Buildings	$0
Measure 3: Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Commercial Buildings	$0
Measure 4: Actions to Transition Light Duty Vehicles to Low or No Carbon Emission Vehicles	$0
Supplies	**$38,058**
Measure 1: Actions to Support Decarbonization of Local Government Operations	$8,601
Measure 2: Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Residential Buildings	$22,627
Measure 3: Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Commercial Buildings	$6,347
Measure 4: Actions to Transition Light Duty Vehicles to Low or No Carbon Emission Vehicles	$483
Contractual	**$37,132,881**
Measure 1: Actions to Support Decarbonization of Local Government Operations	$238,543
Measure 2: Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Residential Buildings	$34,427,521
Measure 3: Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Commercial Buildings	$2,453,424
Measure 4: Actions to Transition Light Duty Vehicles to Low or No Carbon Emission Vehicles	$13,393
Other	**$152,222,126**
Measure 1: Actions to Support Decarbonization of Local Government Operations	$91,435,092
Measure 2: Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Residential Buildings	$42,780,634
Measure 3: Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Commercial Buildings	$14,537,714
Measure 4: Actions to Transition Light Duty Vehicles to Low or No Carbon Emission Vehicles	$3,468,686
Total Direct	**$193,587,318**
Indirect Cost – De minimis Rate 10% of MTDC	**$4,235,638**
TOTAL	**$197,822,956**

B. Expenditure of Awarded Funds

PEA will directly implement projects and programs to spend $45,667,017 of the $197,822,956 CPRG implementation grant request. It will oversee project and program implementation by 37 subrecipients to spend the remaining $152,155,939. PEA will utilize its existing accounting and management systems to exert financial controls that ensure responsible spending of funds internally and by subrecipients. Grant agreements and payments to subrecipients will proceed quickly and in compliance with EPA's Subaward Policy and the Automated Standard Application Payments (ASAP) and Proper Payment Draw General Term and Conditions of EPA Financial Assistance Agreements, upon notice of funding by the EPA and at regular intervals thereafter.

Individual entities that receive funding from PEA as subrecipients must properly manage and account for funding received. A complete spending record for all expenditures will be required, including invoice receipts, logs of record, and other properly certified documents in order for PEA to release funds to subrecipients at regular intervals. A thorough cost reimbursement process will consist of a draw request cover sheet, an expense report, a copy of the general ledger or Profit & Loss with details of all CPRG expenses to be reimbursed, and a copy of the payroll registry when needed. The funding must be spent in accordance with the spending plan included in the application and subrecipient agreement, and with federal requirements set forth in 2 CFR § 200.332 – Requirements for Pass-Through Entities.

Ensuring proper management of grant funds

Philadelphia Energy Authority will:

1. Ensure subawards and contracted services are clearly identified in reporting to EPA;
2. Evaluate contractors and partner risk of noncompliance with Federal statutes, regulations, and other terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring;
3. Consider imposing specific conditions upon a funded entity, if appropriate;
4. Monitor the activities of the recipients to ensure funds are used for authorized purposes;
5. Employ monitoring tools, as necessary, to ensure proper accountability and compliance with program requirements and performance goals;
6. Verify that every subrecipient is regularly audited and provides sufficient reporting documentation;
7. Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to organizational practice or partnering obligations; and
8. Consider taking enforcement action against noncompliant subrecipients. Philadelphia Energy Authority will utilize the EPA Subaward Policy Appendix D: Subaward Agreement Template to ensure compliance with the subaward content requirements in 2 CFR 200.332(a).
9. Complete random audit checks of supporting documentation to test subrecipient and PEA direct spending for compliance.

C. Reasonableness of Cost

For most projects and programs in this application, CPRG funding is being used to fill in budget gaps in shovel-ready projects and programs, as opposed to subsidizing 100% of a project. This strategy ensures that projects are leveraging other funding sources and ensures that the technical and cost information for the included subawards have been vetted through scoping and design processes. Every subrecipient submitted a detailed budget proposal for each project and program submitted that included a breakdown by category, by each year of the five-year performance period, and included discounts of leveraged funding sources including eligible tax incentives and other secured funding to offset the cost of the project.

Measure 1, Actions to Support Decarbonization of Local Government Operations, consists of support to 19 subrecipients in SEPA to invest $96,048,384 in projects that significantly reduce GHG emissions from government operations an estimated 46,168.2 MTCO2e by 2030, and 452,943.1 MTCO2e by 2050. Projects include fleet electrification efforts, those to install new onsite solar and battery storage, new geothermal systems, and full building retrofits to achieve efficiency and electrification across a broad swath of government building types and uses. 68% of the funding distributed through Measure 1 will provide substantial benefits to low-income and disadvantaged communities (LIDACs). Ensuring these projects have reasonable budgets results in replicable examples of clean energy buildings and operations to inform implementation and scaling up of innovations in the built environment in the public as well as private sector. CPRG investments in Measure 1 complement other funding sources to maximize GHG emissions reductions and community benefits, further described in Part D of this budget narrative.

Measure 2, Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Residential Buildings, consists of support to 10 subrecipients in SEPA to invest $80,414,711 in projects that significantly reduce GHG emissions from the residential sector an estimated 32,988.3 MTCO2e by 2030, and 301,409.7 MTCO2e by 2050. Initiatives include three programs for LIDAC participants to retrofit existing owner-occupied homes to maximize efficiency, go all electric, and add residential solar by leveraging Solar for All programming (pending award). Also included are projects to fully retrofit and electrify public housing, naturally occurring affordable rental housing, and provide highly efficient and electric new affordable units to be purchased or rented by low-income Southeast PA residents. Measure 2 includes a PEA-led program - Built to Last - which is reflected in the Budget Spreadsheet's direct expenses. Measure 2 also includes budget support for the Philadelphia Housing Development Corporation, for whom PEA will act as a fiscal sponsor. 94.4% of the funding distributed through Measure 2 will provide substantial benefits to LIDACs. Ensuring these initiatives have reasonable budgets improves their ability to use CPRG to complement other funding sources such as federal grant funding and tax incentives and local philanthropic dollars. Measure 2 includes innovative approaches to address GHG emissions in one of the highest-emitting sectors in aggregate but also the most complex to apply sector-wide solutions to given the range of project sizes and in particular, the sheer number of small single-family home projects required to transform the residential sector. Using CPRG dollars to cost-effectively seed ambitious and scalable projects and programs can lead to exponentially greater emissions reduction beyond this grant award's life.

Measure 3, Actions to Implement Energy Efficiency, Electrification, and Clean Energy for Commercial Buildings, consists of support to 6 subrecipients in SEPA to invest $17,716,467 in projects that significantly reduce GHG emissions from the commercial sector an estimated 129,102.8 MTCO2e by 2030, and 164,083.5 MTCO2e by 2050. Initiatives include two programs - one led by PEA - to systematically reduce GHG emissions in a replicable manner from commercial operations through accessible onsite solar funding and through targeting high-polluting equipment through a new small business refrigeration efficiency program. Also included are projects to create demonstrations of high-efficiency operations in commercial buildings that support critical social services such as food banks, youth-serving programs, and others. 64% of the funding distributed through Measure 3 will provide substantial benefits to LIDACs. Ensuring these initiatives have reasonable budgets provides scalable demonstrations to inform broader commercial building adoption of energy efficient measures for new construction and existing building retrofits. Providing cost-effective programming also ensures longer viability of the programs that fill critical gaps in the market related to cost-effective access to efficient equipment and onsite commercial solar.

Measure 4, Actions to Transition Light Duty Vehicles to Low or No Carbon Emission Vehicles, consists of support to 2 subrecipients in Southeast PA to invest $3,643,394 in projects that significantly reduce GHG emissions from personal transportation an estimated 5,382.0 MTCO2e by 2030, and 19,640.0 MTCO2e by 2050 by supporting expansion of public Electric Vehicle Charging Infrastructure in strategic locations. Initiatives includes adding onsite solar and battery storage to complement 8 new fast EV chargers in NEVI Alternative Fuel Corridors where charging infrastructure is in high demand, as well as adding publicly accessible EVCI at municipally owned or leased sites in Montgomery County near multi-family buildings where charging infrastructure is scarce. 53% of the funding distributed through Measure 4 will provide substantial benefits to LIDACs. Ensuring these projects have reasonable costs provides critical complementary funding to other funding sources including USDOT NEVI grants and IRS Elective Pay and tax credits. These projects address near-term needs to facilitate a transition away from fossil-fueled vehicles and provide examples for other public and private actors to replicate and innovate.

PEA will directly implement one new program, and expand one existing program, with CPRG support. Its existing program - Built to Last - is a nationally recognized whole home retrofit program that layers existing federal, state and local sources while injecting efficiency, electrification and renewable energy projects to ensure that low-income Philadelphians can participate in the clean energy transition through comfortable homes and meaningful workforce development. A model that has been replicated across the state of PA via the Whole Home Repair program, and has informed national policy proposals from US Senators, Built to Last is primed for program expansion to address its 1,200-person waitlist and serve the 38% of low-income Philadelphians living in owner-occupied properties who need this program to stabilize their homes and lower their energy bills. CPRG funding will support critical personnel and partner costs to grow the program by an additional 4,000 homes between 2025 and 2029. This program (ID #37) will be led by two full-time existing program staff (Residential Program Manager and Coordinator) and one pre-planned full-time hire who will join the team in May (Senior Manager, Residential Programs) as well as two existing operations staff people (Senior Manager, Operations and Administrative Coordinator) that spend a portion of their time on program administration. Their specific titles, roles, and FTE shares are detailed in the budget.

The Small Business Refrigeration Efficiency Program is borne from a direct response to market pressures that disincentivize and build barriers to small business tenants and owners to maintain high-polluting refrigeration equipment or replace it for more efficient models. This program will result in substantial GHG emissions reductions in a hard to reach and underserved sector of small businesses in LIDAC census tracts. Both programs will direct 100% of CPRG funding to LIDAC members. This program (ID #47) will be led by one full-time existing program staff (Commercial Program Director) that will spend a portion of their time on the project as well as one pre-planned staff position (Commercial Program Manager) that would become a priority hire should this application be funded. Their specific titles, roles, and FTE shares are detailed in the budget.

PEA will provide oversight for 37 subrecipients through this CPRG implementation grant and direct its own two programs. PEA will support these subrecipients by providing a path to comply with EPA grant requirements to access funding, and by convening subrecipients to learn from each other and codify their learnings to inform broader measure innovation and replicability potential.

PEA will rely on experienced staff (Finance Manager, Senior Manager of Policy and Strategic Partnerships, Vice President of Policy and Strategic Partnerships), pre-planned staff expansion (Compliance Specialist and Senior Manager, Municipal) and new staff hires to support this grants (Project Manager, Data Specialist) to provide oversight and effective facilitation to provide transparency, accountability, and technical support to access complementary funding that extends the impact of CPRG.

PEA anticipates running EPA-policy compliant procurement processes to access technical services to evaluate subrecipient and PEA program GHG emissions reduction progress and compliance with EPA requirements around procurement, labor, and material sourcing in anticipation of payment draw requests. PEA will also seek to contract with service providers with subject matter expertise critical to PEA-managed program success.

Finally, PEA expects to require relatively minor supply and travel budgets to support PEA programming and effective subrecipient support.

Indirect Charges are based upon the de minimis rate of 10% of the Modified Total Direct Cost (MTDC), as allowed by EPA budgeting guidelines.

D. Leveraging CPRG toward a greater impact

One of EPA's four stated goals of the CPRG Implementation Grant funding is to complement other funding sources to maximize these GHG reductions and community benefits. PEA takes this charge seriously and sought to propose a project portfolio here that leverages other federal, state, local and philanthropic sources to optimize a CPRG investment toward greater GHG reductions and expanded community benefits beyond the life of this award.

Our trusted subrecipients have, and continue to, seek out complementary funding to supplement CPRG dollars to fund portfolio projects. The total cost of projects receiving CPRG funds totals $472M, which equates to **nearly two dollars in additional funding for every CPRG dollar spent.** This amount, spread across projects in multiple sectors, will truly generate transformative impact in the decarbonization of Southeast PA. A brief snapshot of some of these sources, all estimated over the performance period, can be found below.

- *Federal Tax Credits:* Investment tax credits for solar production and electric vehicle charging stations, Low-Income Housing Tax Credits (LIHTC) and New Market Tax Credits (NMTC)
- *State Funding (including federal pass-through programs):* Housing Trust Fund, HOME Investment Partnership Program, PA Housing Affordability Fund (PHARE) Whole Home Repair Program, Weatherization Assistance Program, Redevelopment Assistance Capital Program, and more.
- *Municipal Funding:* Match from municipal entities, including the Philadelphia Housing Authority, City of Philadelphia, Upper Dublin Township, Lower Merion Township, and West Chester University.
- *Project Debt:* Debt financing, with several additional opportunities for subsidized debt from the Greenhouse Gas Reduction Fund.
- *Philanthropy:* Funding from local foundations, including The William Penn Foundation, The Barra Foundation, The Highmark Foundation, and The Patricia Kind Family Foundation.