



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET
HARRISBURG, PENNSYLVANIA 17120
August 4, 2023

Docket No. M-00031715F0002

CERTIFIED

Mr. Steve Chung
Sustainable Development Fund
1700 Market St., 19th Floor
Philadelphia, PA 19103

RE: Petition to Modify the by-laws of the Sustainable Development Fund

Dear Mr. Chung:

On February 8, 2023, the Pennsylvania Public Utility Commission (Commission) received the proposed by-law amendments accepted by the Board of Directors of the Sustainable Development Fund (SDF). In order for us to complete our analysis of your proposed by-law modifications, the Commission requires answers to the attached question(s).

Please use the Commission's efilings system or an overnight delivery service to submit the requested information to the Secretary of the Commission **within 20 business days** from the date of this letter. The Commission accepts all public documents through our efilings system and **strongly** recommends companies open an efilings account through the Commission's website at <https://efiling.puc.pa.gov>. Use of the efilings system will ensure that submissions by the company are received timely and receipt can be verified. Failure to respond timely may result in your request being denied.

If your filing contains confidential material, you are required to either file by overnight delivery or submit to the Secretary's Share Point File system to ensure the timely filing of your submission. Filers should contact the Secretary's Bureau in advance to gain access to the Share Point File system. Make sure to reference the Docket Number listed above and mark the materials "CONFIDENTIAL" in bold or highlighted manner if any of the requested information is deemed to be of a confidential nature.

The overnight address for hard-copy or confidential responses is:

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street, 2nd Floor
Harrisburg, PA 17120

Your answers should be verified per 52 Pa Code § 1.36. Accordingly, you must provide the following statement with your responses:

I, Steve Chung, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Signature 
Title Senior Director
Date 9/6/2023

Please note that all documents requiring notary stamps must have original signatures.

If the SDF has decided to withdraw its proposal to modify their by-laws, please reply notifying the Commission of such a decision.

Finally, in order to expedite the review process, please send a copy of your response to Dave Edinger at dedinger@pa.gov. If any problems arise that prevent a full timely response or if any clarification of this data request is needed, please contact Dave Edinger of the Bureau of Technical Utility Services via e-mail at dedinger@pa.gov (preferred) or (717) 787-3512.

Sincerely,


Rosemary Chiavetta
Secretary

Enclosure

Bureau of Technical Utility Services
Policy & Planning Group

Docket No. M-00031715F0002
Sustainable Development Fund
Data Request(s)

Note: Restate the data request question prior to providing a response.

- TUS-1. Page 1, Section II., A., 1 & 2 – Explain the following as it relates to the addition of the phrase “and the reduction of emissions” into the by-laws.
- a. The reason(s) for including this as a separate type of or category of projects
 - b. Why emissions reductions projects lacking a direct connection to renewable energy or energy efficiency and conservation should be considered for SDF funding.
- a. The Board discussed and agreed that decarbonization was in line with the Fund’s mission and should be a consideration when considering all types of projects. While not necessarily adding a separate category of projects, the additional phrase emphasizes and formalizes this decision. It also allows for the possibility of SDF considering projects that reduce emissions, but that might not be captured in the existing definitions of renewable energy and clean energy. (All requests would still be subject to the Fund’s existing approval processes.) The revised bylaws give the Fund some added flexibility to accommodate future developments in this rapidly developing area without compromising mission fit.
- b. The Board did not discuss any project concepts outside of those with a connection to renewable energy, clean energy, or energy efficiency. As noted above, the idea was to allow for future, perhaps not currently contemplated advances, while further clarifying decarbonization as central to the Fund’s mission. With regard to energy efficiency and conservation, please see the response below (TUS-2).

- TUS-2. Page 1, Section II., A., 2 – What is the purpose for removing “energy conservation” from the current language?

The Board approved this clarification because identifying energy conservation, specifically, could exclude projects that are considered to be aligned with mission, but that do not result in less overall energy use. For example, promoting electrification of buildings and energy efficiency are aligned with mission, but replacing a gas furnace with heat pumps could result in more electricity use while substituting for the gas.

- TUS-3. Page 6, Section III., K. – Why does the SDF believe that only one Board meeting per year is sufficient to conduct all of its business?

The Board agreed that one Board meeting per year can be sufficient to fulfill its responsibilities. This has been the experience in some years, particularly when the Fund has been close to fully invested, and no new grants were under consideration (the core grant program was suspended in 2008). However, this is only a request to change the minimum

required number of meetings per year. With capital now being available for deployment (e.g. legal settlement funds) and the Program Plan including new grant applications, the expectation is that multiple board meetings will be held each year in the coming years.

- TUS-4. If only one Board meeting per year is planned, which is assumed to be the time during which the Board reviews and approves its annual program plan, and in accordance with the SDF's approved by-laws, explain how the SDF Board members expect to perform the following:
- a. Providing input and oversight of the SDF's activities
 - b. Engage the TRF in education and outreach initiatives to promote the SDF
 - c. Conduct reviews of any and all proposed investment opportunities

The Board did not express concerns about its ability to fulfill its responsibilities when approving changes to the bylaws. The Fund fully deployed its initial funding and has reached the stage of revolving the original grant dollars, generally requiring less input from the Board relative to SDF's initial years of operations. Reinvestment Fund ("TRF") staff give the Board the opportunity to provide feedback not only during board meetings, but also through distribution of documents (e.g. SDF Annual Reports, annual PASEB presentation) that are provided by staff to the Board members throughout the year (through email, video conferencing, etc.). Additional details on roles and responsibilities are provided below (TUS-5).

- TUS-5. Please address the relationship of the TRF to the SDF Board, regarding the following:
- a. Do the roles and functions performed by the TRF serve as defacto SDF Board functions or decisions? Please explain.
 - b. Is the TRF making decisions on behalf of the SDF Board? Please elaborate.

The responsibilities of the Board and those of TRF are listed in the existing bylaws without any proposed changes. Per the bylaws, the responsibility for a number of key SDF functions and decisions rests with TRF, with oversight by the Board. Of particular note, TRF is responsible for the review and approval of loans and investments. In addition, TRF develops the Fund's annual program plan and operating budget. The Board approves the program plan, operating budget, and grant requests, in addition to providing input and oversight. This may be different from how the other SEFs operate.

Thank you for your questions. Please let us know if anything requires further clarification or if there are any additional questions that we can address.