

## Implementing ARRA Design Snapshot

# Metro Philadelphia’s Energy Efficiency Strategy: Promoting Regionalism to Advance Recovery

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Bringing together the five counties of Southeastern Pennsylvania, the nonprofit Metropolitan Caucus, a new regional consortium there, is promoting a joint regional application for ARRA’s competitive Energy Efficiency and Conservation Block Grant dollars. Its four-part proposal, which will add and refine partners and programs over time, draws on the collaboration of multiple regional institutions to establish and operate a loan fund for green building and retrofits; support clean energy technology deployment; assist local governments with energy efficiency plans; and measure the energy performance of public facilities.

| Metro Philadelphia’s Energy Efficiency Strategy  |  |
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| <b>Purpose:</b>  | To advance regional energy efficiency for southeastern Pennsylvania through green building construction and retrofit and new energy technology commercialization |
| <b>Lead entity:</b>  | Nonprofit regional governance entity   |
| <b>Partners:</b>   | Counties, municipalities, community development finance organization, economic development entity, metropolitan planning organization, university                |
| <b>ARRA focus:</b>   | Competitive Energy Efficiency and Conservation Block Grants  |
| <b>Scale:</b>  | 5-county region  |
| <b>Strategies:</b>   | Adopts multi-jurisdictional and multi-sectoral approaches; catalyzes market and private investment; employs information management, data, and benchmarking       |
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The newly created Metropolitan Caucus of southeastern Pennsylvania is leading the bold new regional energy efficiency strategy targeting for the competitive [Energy Efficiency and Conservation Block Grants](#) (EECBG) in the American Recovery and Reinvestment Act (ARRA). Unprecedented for the region, the Metropolitan Caucus has brought together five area counties—Bucks, Chester, Delaware, Montgomery, and Philadelphia—to make the most of the stimulus opportunity by coordinating their plans, goals, and assets to achieve maximum regional benefit. Their proposed joint EECBG competitive application for roughly \$35 million calls for financing construction and retrofits, supporting clean energy companies, measuring building energy performance, and assisting local governments in implementing various sustainability solutions. To carry out each of these activities, the caucus intends to engage in broad cross-sector collaboration to leverage the strengths and unique assets of regional educational institutions, key nonprofits, and planning agencies.

The bulk of the caucus's regional energy efficiency strategy focuses on deploying loans and grants to ramp up private market investment in building retrofits, sustainable real estate construction, and new energy technologies. Of the total planned budget, 50 percent would go towards an Energy Efficiency Revolving Loan Fund, 30 percent would be allotted for an Energy Technology Deployment Fund, ten percent would be available for delivering municipality-focused financial and technical assistance, and the remaining 10 percent would support tracking public sector building energy performance.

The revolving loan fund would provide funds for residential, commercial, and institutional properties to pursue measures proven to reduce building energy consumption and that meet nationally-recognized energy performance standards (e.g., LEED and ENERGY STAR). Loans would also be available for building energy systems. Both retrofits and new (or currently stalled) construction projects could apply for these loans, as well as additional grants provided by the fund to help meet the pre-development and capital needs of green real estate projects so as to accelerate their progress along the development pipeline. For example, a group of developers who have worked for years to rehabilitate a former Philadelphia dye plant to accommodate other businesses could potentially seek this funding to incorporate green building principles into their [industrial revitalization](#).

The caucus would establish the eligibility rules and other guidelines for the regional revolving loan fund, and could, for instance, encourage support for projects using locally-produced new energy technologies. However, actual lending and grant-allocation functions would be managed by [The Reinvestment Fund](#) (TRF), a Mid-Atlantic-focused community development finance organization that is already overseeing a similar \$48 million initiative for the state of Pennsylvania. The ability to coordinate with the state fund and connect to TRF's existing networks of banks, government agencies, and nonprofits increases the chances that the caucus' regional fund will be able leverage other resources (e.g., the ARRA-infuse [State Energy Program](#)) to better advance its energy efficiency goals for the region.

The caucus would partner with another major regional institution, [Ben Franklin Technology Partners](#) (BFTP), in the management of its technology deployment fund. A long-standing technology-based economic development organization, BFTP already has established programs for accelerating alternative energy development, commercialization, and investment and can bring its experience and existing resources to bear to help the caucus stimulate a sustainable cluster of clean energy firms in southeastern Pennsylvania. Overseen by BFTP, the caucus' technology deployment fund would provide direct matching funds to regional clean energy companies to help defray the costs of getting a new product to market. For example, an [area manufacturer](#) of ENERGY STAR-compliant windows could apply for these funds to retool segments of its product line to incorporate the latest innovations in insulating technology. The technology deployment fund would aim to make investments in energy technologies that might link to nascent smart grid efforts and that would leverage university-industry partnerships around research, development, and commercialization.

To ensure that all the individual municipalities of the southeastern Pennsylvania are able to substantively participate in the implementation of the regional energy efficiency strategy, the caucus plans to work with the region's metropolitan planning organization, the [Delaware Valley Regional Planning Commission](#) (DVRPC), to provide technical and financial assistance for carrying out energy improvements in public buildings, traffic signals, and street lighting. Of the 238 municipalities in the five-county caucus region, fully 228 were too small to qualify for direct federal EECBG formula allocations and have to rely on state-run energy funding formulas and competitions. Given that these smaller municipalities have very limited capacity to manage their public energy use and strategically plan for reducing consumption, DVRPC, with caucus support, would provide help with activities such as assembling applications for state funding;

negotiating agreements with contractors and energy service companies; and coordinating the process of building energy efficiency audits, installations, and performance measurement. This effort could potentially make a significant impact on reducing the energy consumed by the region's 1,000-plus municipal buildings, 30,000 incandescent traffic signals, and tens of thousands of low-efficiency streetlights.

The Metropolitan Caucus intends that public building retrofit push will be guided by extensive data analysis. For this part of its regional energy efficiency strategy, the caucus has partnered with the [Chan Center at the University of Pennsylvania](#), which is focused on researching and simulating building energy systems, to help advance its goal of reducing the carbon footprint of the county and municipal buildings through southeastern Pennsylvania. The Chan Center proposes to help the caucus by assessing the overall portfolio of public building assets in the region; modeling the buildings' current and potential energy performance; determining the highest impact retrofit strategy for such facilities; and monitoring their energy performance over time.

In addition to its own regional energy efficiency strategy, the Metropolitan Caucus has also supported other regional ARRA-focused efforts, including plans to institute new payment technologies on the public transit system and develop a region-specific green jobs training curriculum. The caucus has already identified and motivated agreement on pressing issues of regional significance and is positioned to play a central role in implementing key solutions in both the short and long term.

### **The Implementing ARRA Series**

America's current economic crisis is not only a national crisis. It is also a metropolitan crisis. Therefore, it is critical to monitor the progress of creative metropolitan leaders who are leveraging the myriad of resources provided by the \$787 billion American Recovery and Reinvestment Act of 2009 (ARRA). To that end, the Metropolitan Policy Program's "Implementing ARRA Series" is tracking the implementation work of metropolitan leaders, assessing their triumphs and setbacks, and extracting from the innovators' experiences, ideas for short- and long-term federal policy reforms. Ultimately, Brookings hopes that the series will serve as a resource for best-practice exchange among regions and a source for ideas regarding the design of the next generation of metro-friendly federal policies.

#### **For More Information**

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