

**PHILADELPHIA ENERGY AUTHORITY
FISCAL YEAR 2025 BUDGET TESTIMONY
APRIL 2, 2025**

INTRODUCTION

Good morning, Council President Johnson and Members of City Council. I am Emily Schapira, President and CEO of the Philadelphia Energy Authority (PEA).

I am pleased to be back here in Council Chambers to provide testimony on PEA's Fiscal Year 2026 Budget. As you all know, PEA is a nimble team, now of twenty-two, building a robust, equitable clean energy economy in Philadelphia. We outgrew our City Hall office last year, after 14 years, and moved across the street to the Graham Building. We hope you'll come visit us.

As you have no doubt heard me say before, "energy" is not the goal, it's the tool, and we have found it to be an incredibly effective one in tackling some of Philadelphia's biggest challenges: spurring equitable economic development, creating jobs, alleviating poverty, and improving public health.

I say incredibly effective because for every City dollar we have received since 2017, we have created \$75 dollars of economic investment. I'll say that again. Each City dollar invested in PEA since 2017 has had a 75X return on investment.

I'm so proud to share that as of the end of 2024, the City's 9-year, nearly \$13.4 million investment in PEA has resulted in \$1 billion in clean energy projects. That \$1 billion of projects helped create nearly 8,300 jobs. We have one more year left on the original Energy Campaign goal of 10,000 jobs, and we intend to meet it.

PEA's work has ranged from capital improvements and air conditioning at 23 schools, to the citywide overhaul of our streetlighting in every community resulting in tangible, significant improvements to public safety, as well as cost savings. From installing rooftop solar on 4,000 homes through Solarize Philly, supporting long-term energy affordability to low-income home repair and preservation through Built to Last, restoring existing homes as affordable generational assets that build wealth and protect health, safety and stability. We've saved water and sewer service line protection program customers over \$75 million in repairs, and provided last resort emergency repairs to 150 homes, many of whom were living without water service. We are in the procurement process for 3 City energy efficiency, renewable and biogas projects concurrently, and in various stages of development for 6 more, totalling over \$800 million in potential investment over the next few years.

The uncertainty and change at the federal level has resulted in elimination of over \$16 million in anticipated funding for Built to Last, and puts roughly \$4 million of our existing funding at risk. We have been able to stabilize our revenue by having diverse funding streams, including federal, state, local, philanthropy and our own program fees. We are frugal with spending and careful not to commit without budget certainty. But as the federal picture grows ever more challenging, we are asking for some certainty from City funding to be able to continue this work.

PEA's work supports the priorities of the Parker administration to make Philadelphia the safest, cleanest, greenest city with access to economic opportunity for all, and also meets the priorities of City Council to use the tax dollars of hard working Philadelphians in the most thoughtful, impactful ways, to the benefit of all. We don't need "energy" to be at the top of the priority list. We fit easily into the day to day and strategic priorities of both branches of government.

For FY26, PEA is requesting a total budget allocation of \$10 million. Mayor Parker’s budget proposes \$1.3 million for PEA, compared to our FY25 allocation of \$6.05 million. Funding PEA more appropriately at \$10 million will support our core operating budget, 10 City projects, workforce development connected to all of our initiatives, more than 200 Built to Last homes, and provide the financial support needed to bridge state and federal rebates and tax incentives via our green bank affiliate, the Philadelphia Green Capital Corp. Your support now is more important than it has ever been.

Our submitted testimony and supplements walk through the details of our FY26 workplan, and provide staffing, demographics and contracting details via the administration’s templates. I’ll also reiterate our commitment to diversity, equity and inclusion across all of our team, board, projects and programming. We serve the residents of Philadelphia, and for any of us to thrive, we must ensure that we all have the opportunity to thrive. That is core to PEA’s ethos. We work closely with OEO on every project we procure, and create opportunities wherever we can for local and diverse businesses to participate. To date in our streetlighting project, 81% of the work has been completed by diverse contractors.

BUILT TO LAST, PHILADELPHIA’S WHOLE HOME REPAIR PROGRAM

Rather than go through all of our accomplishments and successes to date, I’d like to share a story from our Built to Last program that, for me, really demonstrates the importance of not only the work we do, but the way we do it.

Most of you know Built to Last – your constituents have asked about it, the state Whole Home Repair program is modeled after it. It has become a national model for ways to leverage multiple different kinds of funding to address home repair holistically and with staying power. Built to Last creates pathways out of the struggle too many Philadelphians are feeling these days and restores generational wealth.

When we talk about it in its wonkiest terms, Built to Last is an administrative backbone to link and collaborate across nearly a dozen different home repair programs in Philadelphia, including Basic Systems Repair, Adaptive Modification, Weatherization, Utility programs, Health department programs, LIHEAP, non-profit programs like Habitat’s critical home repair program or PCA’s senior programs, and more. We started out wanting to address energy efficiency for these homes, since Philadelphia is one of the most energy burdened cities in America, particularly among low-income households, who pay as much as 18 percent of their income to utilities. But we quickly realized that even though there were many programs that could address a component of needs in a home, too many people did not receive these services because of denials, budgets, order of operations, or lack of ability to collaborate across programs. We could not deliver on reducing energy burden in low-income households without also solving these barriers.

So we figured out how to coordinate things like data sharing, construction management, scope planning, and funding stacking, and it works. We’ve completed 220 homes to date, with an additional 430 homes in various stages of construction and fully funded, and feedback has been excellent. Our goal is to grow to 1,000 homes a year over the next few years, and to attract major national funders to Philadelphia.

I recently heard a story of one of our homeowners, and couldn’t imagine a better illustration of the importance of this program. Mr. Williams and his partner have lived in West Oak Lane on North Smedley Street for 36 years, in the 1920s rowhome his grandfather owned. Mr. Williams worked his whole life and

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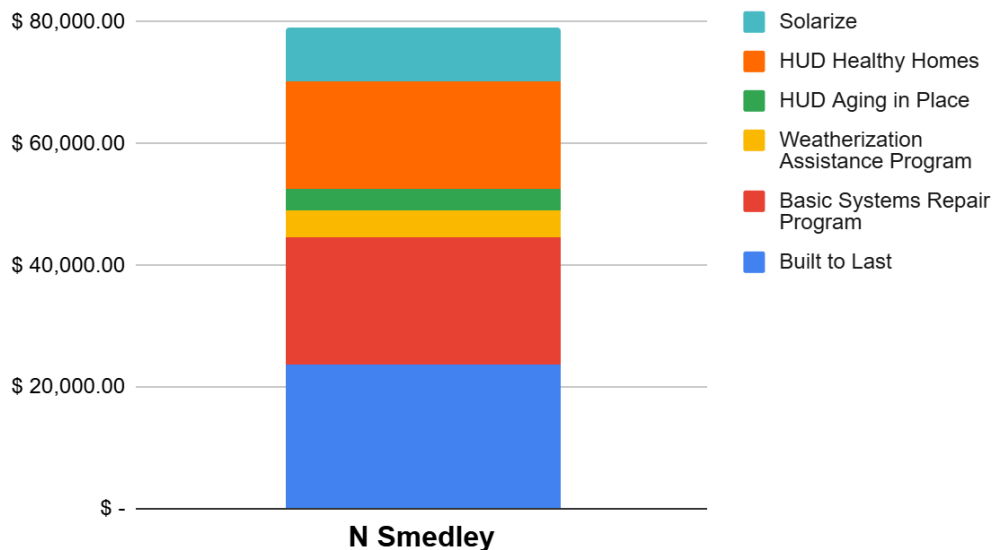
planned to make some home improvements when he retired but got sick and became homebound. The house began to have major issues. A roof leak compounded, creating damage to walls, siding, and interior ceilings. His heating system broke 10 years ago, and he purchased space heaters for the upstairs, but wasn't able to afford heating both floors of the house. They just avoided using the first floor in the wintertime. His kitchen barely functioned, with just one working burner left on the stove. He and his partner considered leaving the house.

Mr. Williams applied to Basic Systems Repair two years ago. BSRP is of course designed to address a housing emergency and keep people from abandoning their homes. The roof damage had gotten so bad that PHDC was preparing to deny Mr. Williams's application due to a cost overrun, when they reached out to Built to Last. We were able to separate out a scope of work that BSRP could fund, and then enrolled Mr. Williams into our program. He is now receiving services from 5 additional programs.

The roof has been replaced and all the water damage over the years has been repaired and mold remediated. He has a new functioning kitchen, a new high efficiency gas furnace that serves the whole house, and drafty parts of the house have been insulated. Lead paint and other hazards have been removed, and drywall has been replaced. Mr. Williams is even getting solar on his new roof to ensure he and his family will be able to afford the electric bill for decades to come. He has lived in West Oak Lane all his life and now plans to stay.

This is what we mean when we talk about Built to Last as preserving existing affordable housing. Helping to keep people in their homes. Restoring generational wealth. Taking homes from a liability to an asset. You can see in my written testimony the breakdown of the 6 programs utilized to restore Mr. Williams's family home, totalling over \$70,000 in assistance.

Built to Last Example



PHILADELPHIA STREETLIGHT IMPROVEMENT PROJECT (PSIP)

I can't leave this hearing without spending just a minute on our ongoing Streetlight Improvement Project. This project was more than a decade in the making, and demonstrates in the clearest possible terms how PEA helps the City get projects done.

In August 2023, PEA, the Streets Department, and the Office of Sustainability kicked off the overhaul of all 130,000 streetlights citywide with highly efficient, long-lasting LEDs connected to a remote management system. The Philly Streetlight Improvement Project (PSIP) uses energy and operations savings to pay for the \$91 million dollar project, transforming inefficient and expensive-to-operate municipal assets into cost-effective, innovative infrastructure. Prior to this project, Streets replaced 22,000 fixtures over a 10-year period using capital dollars, and in about 18 months, we've completed over 100,000 fixtures, demonstrating the speed and scale that PEA-led guaranteed energy savings projects can enable.

The immediate impacts of PSIP span well-beyond just energy and cost savings. In a study published by the University of Pennsylvania's Crime and Justice Policy Lab earlier this year, the authors found a **21% reduction in gun crimes**, above and beyond the city's already declining crime rate, in locations where lighting has been upgraded to clearer, crisper, brighter LED lights. Resident surveys conducted under this same study show improved perceptions of safety and neighborhood vitality thanks to the installation of new streetlights. The project was recently featured by Climate Mayors in a national showcase of city-level climate solutions that improve public safety, putting Philadelphia on the map for its leadership.

This project drives investment in local residents. We manufactured 1/3 of all fixtures used on the project right here in Philadelphia. American Power Electrical Supply Company, a minority business enterprise (MBE) in West Philadelphia, set up an on-site final assembly pod and hired a local team of six young people to assemble and test 40,000 fixtures for use on PSIP, in partnership with YEAH Philly. The six young people, who themselves have been impacted by gun violence, are actively contributing to gun violence solutions by making the fixtures that light up the city, developing the skills and experience to kickstart their careers. Our initial audit process also hired locally, employing 25 Philadelphians who were subsequently offered roles in energy tech. Over 200 FutureTrack employees were hired by the Streets department to clear debris from alleyways associated with this project.

The project also has a very high rate of participation from diverse businesses, including 54% minority-owned businesses and 27% women-owned businesses to date, 80% of whom are local area businesses.

PEA's core project model creates a pipeline to bridge the gap between what the industry often describes as a labor shortage, and the high unemployment rate among marginalized populations in Philadelphia. PEA achieves this goal by training and connecting graduates with employment on our clean energy projects and programs we lead. PEA has graduated nearly 150 individuals from our GRIT and Bright Solar Futures Programs, connecting folks with on-the-job experiences on municipal projects like PSIP and Adams Solar and with full-time employment with companies like PECO, PosiGen, Philadelphia Gas Works, and Solar States. We collaborate with a broader network of partners like PhilaWorks, OIC Philadelphia, and Energy Coordinating Agency under the banner of the federally-funded Good Jobs Challenge to scale training and connection to employment in clean energy.

CONCLUSION

I could keep going, talking about all the great programs we run, how we're lowering Philadelphia's carbon footprint, paying for projects out of energy savings, scaling up City and School District capital work, changing the face of clean energy in our region from those for whom it's nice to have to those for whom it's essential to long-term affordability, and bringing national attention and investment to our city, trying to stave off the worst effects of climate change on our most vulnerable residents. But I will stop here because you hear about these projects and programs often enough from your constituents.

We are grateful beyond measure for the trust and faith City Council has put in us over the last decade, and we're excited to continue to show results for all Philadelphians. We will need your help again now, more than ever. We've been able to weather major budget cuts before – in FY21 during Covid, in FY25 when our operating budget was cut by 50%, though real additional funding was provided for Built to Last from the City for the first time. With the loss of federal opportunities and uncertainty of existing federal funding, we ask for Council's help to keep this work going. We've come too far to turn back now.

We are requesting a total of \$10 million in FY26 funding from the City. This ask supports:

- \$3 million for PEA's operations, which are critical to a program like Built to Last, which requires deep coordination of program partners, and to the smooth execution of ten citywide energy efficiency projects, including the Philly Streetlight Improvement Project. That includes \$250,000 in funding for technical scoping on planned City projects.
- \$5 million for Built to Last, which will allow PEA to take an additional 200 homes off of the two-year long waitlist, a demonstration of the deep need for and interest in this program. This infusion of funding for direct repairs for low-income homeowners would bring the total number of households served program-wide to 850.
- \$500,000 for operating funds to create bridge loans for low-income energy rebates and tax credits through the Philadelphia Green Capital Corp, and
- \$1.5 million in workforce development support to train and connect Philadelphians historically left out of these industries to clean energy careers.

We have worked hard over the last 9 years since I joined PEA's staff to build a reputation of being an effective, strategic organization that does what we say we are going to do. I hope our strong track record of success and the overwhelming support of partners, stakeholders and community members lends credibility to our request, and I hope we can count on your support this year. Thank you for your time today.

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DEPARTMENT MISSION & PLANS

Mission: PEA aims to be a catalyst for the growth of a robust, equitable, diverse clean energy economy in Philadelphia through the development of long-term energy projects, policy, education and market-building activities.

Plans for Fiscal Year 2026: In Fiscal Year 2026, PEA expects to drive over \$250MM in equitable economic development through programs like our low-income housing restoration and electrification program, Built to Last, Solarize Philly, and Commercial Property Assessed Clean Energy (C-PACE) financing; our efficiency work with the School District; and energy projects with the City like the RFPs for the quadplex and health centers, additional off-site renewable energy procurement, and additional on-site renewables procurement, and for wastewater treatment facilities.

In FY26, we expect to:

- Restore over 200 additional low-income homes through the Built to Last program
- Support over 1500 homes to add rooftop solar through Solarize Philly
- Complete Philly Streetlight Improvement Project to replace 130,000 roadway and alleyway lighting with long-lasting, energy efficient fixtures citywide
- Begin construction on two major City projects (Quadplex+, Grid-Scale Renewable Project)
- Select vendors and seek Council approval for PWD/PGW wastewater treatment and biogas project
- Support 100 total job placements through the Good Jobs Challenge
- Support the School District on upcoming energy efficiency projects, solar schools pilot, and energy procurement partnership with City
- Issue procurements for upcoming City projects including PNE Airport Solar and Flat Rock Dam Hydropower
- Issue procurement for Water Sewer Line Protection Program renewal
- Protect key staff funded by more than \$1 million in volatile federal salary and build staff capacity to support program growth
- Run additional cohorts of GRIT and Bright Solar Futures training programs, plus continue to support the growth of our CTE program with a summer program at Mayfair School
- Enable \$20MM of commercial and industrial energy efficiency and renewables projects through CPACE

PROPOSED BUDGET OVERVIEW & OTHER BUDGET DRIVERS

Philadelphia Energy Authority			
FY2026 Budget Request			
Classes	FY2025	FY2026	
Class 100 - Wages, Salaries, Benefits	\$ 3,164,572	\$ 3,362,835	
Class 200 - Professional Services	\$10,641,278	\$ 11,287,513	
Class 300 - Supplies & Materials	\$ 520,000	\$ 534,185	
Class 400 - Equipment	\$ 66,000	\$ 66,000	
Class 500 - Taxes	\$ 213,888	\$ 227,029	
TOTAL BUDGET	\$ 14,605,738	\$ 15,477,562	
<i>Grants and Revenue</i>	<i>\$ 8,555,738</i>	<i>59%</i>	<i>\$ 5,477,562</i>
TOTAL CITY REQUEST	\$ 6,050,000	41%	\$ 10,000,000

Proposed Funding Request:

In FY25, the City provided \$6,050,000 of PEA's overall budget of \$14.4 million. PEA has developed external funding resources to support its growth, and has helped develop over \$1 billion in climate- and equity-focused projects in Philadelphia to date.

Over the last eight years, PEA built up substantial alternative forms of funding, relying on the City for less and less of its revenue. In FY2024 and FY2025, PEA raised significant funding from federal and state sources to cover critical programs like Built to Last. With the amount of uncertainty for federal funding, we are looking to the City to help stabilize the \$4 million of federal staff and programming dollars that are at risk as well as the \$16 million in planned federal funding for Built to Last support that has been cancelled.

The Philadelphia Energy Authority is requesting an increase from the Mayor’s budgeted contractual allocation of \$1,300,000 to \$10,000,000 in FY26 (a total increase of \$8.7 million from proposed).

- \$2,750,000 of the requested increase will support improved operations capacity to manage multiple new federal grants and the risk of that funding being rolled back at the federal level, administer multiple large capital project procurements and scaling of programming.
- \$5,000,000 would support Built to Last, serving an additional 200 homes. *This number is a reduction from last year’s projections given the volatility of federal funding (e.g. Home Energy Rebates and Solar for All funds not yet flowing in Pennsylvania and are at risk.)*
- \$500,000 would support deployment of \$10,000,000 in federal lending dollars including bridge financing to ensure that low-income Philadelphia homeowners have access to federal home energy rebates

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- \$1,500,000 in first-time City funding request to support Bright Solar Futures and Green Retrofit Immersive Training Programs to connect Philadelphians to in-demand clean energy jobs
- \$250,000 in technical scoping for prisons complex energy project

The primary drivers of our budget are staff and program costs to advance a portfolio of ten city projects, successful execution of Built to Last including addressing our growing waitlist, and workforce development programs.

If our \$10MM FY26 funding request is met we will specifically be able to:

- Manage a portfolio of 10 ongoing municipal projects
 - 1. Philly Streetlight Improvement Project (construction)
 - 2. Quadplex plus Health Centers and Homeless Services (contracting)
 - 3. Renewable Energy purchase (contracting)
 - 4. PGW+PWD biogas and energy efficiency (procurement)
 - 5. Northeast Phila Airport Solar (pre-procurement)
 - 6. PHL microgrid (pre-procurement)
 - 7. Flat Rock Dam hydroelectric (pre-procurement)
 - 8. Municipal rooftop solar master services agreement (scope development)
 - 9. Prisons complex microgrid + efficiency (pre-scope)
 - 10. Libraries GESA (pre-scope)
- Make at least 200 additional low-income homes energy healthy, comfortable, and affordable through Built to Last
- Deploy \$10 million in low-interest financing for energy upgrades
- Run Bright Solar Futures and Green Retrofit Immersive Training Programs to connect Philadelphians to in-demand clean energy jobs
- Scope a prisons complex microgrid + efficiency energy savings project

Without proper funding levels of City funding, PEA would need to scale back these scope and scale of these efforts.

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PEA Staffing

PEA currently has 22 full-time staff and is supplemented with a number of consultants and interns. For information purposes, new hires in FY25 include:

- Senior Manager, Communications
- Commercial Solar Outreach Manager
- Energy Campaign Fellow
- Operations Manager
- Compliance Specialist
- Business Engagement & Career Coordinator
- Solar Coordinator, Residential (budgeted, to be hired)

Current Staff and Board Demographics

- Total staff: 22
- 59% women, 50% BIPOC
- Total Board of Directors: 7
- 57% women, 57% BIPOC