

PIPELINE INVESTMENT PROGRAM

Program Guidelines | May 2021



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Section I – Statement of Purpose

A. Introduction

2016 (P.L. ____, No. 25)(72 P.S. §1741-A.1 et. seq.), as amended by the Act of June 28, 2019 (P.L. ____, No. 20), and authorizes the Commonwealth Financing Authority to award grant to hospitals, businesses, economic development organization, municipalities, and school districts for costs associated with extending natural gas pipelines to these entities.

B. Purpose

To fully realize the benefits of Pennsylvania’s vast energy resources, it is critical to make low-cost natural gas energy available to Pennsylvania’s residents, manufacturers, and pad-ready sites. Manufacturers will have a significant competitive advantage in production costs and Pennsylvania communities will be able to attract new manufacturing enterprises with readily available access to natural gas. The creation of the Pipeline Investment Program (“PIPE”), to construct the last few miles of distribution lines to business parks and existing manufacturing and industrial enterprises, will hasten beneficial deployment of low-cost energy and will result in the creation of new economic base jobs in the commonwealth while providing access to natural gas for residents. The Commonwealth Financing Authority (the “Authority”) shall provide grants through PIPE to applicants for construction of natural gas pipeline projects. These guidelines outline eligibility requirements, as well as the procedures to apply for and receive funding under the program.

Section II – Eligibility

A. Eligible Applicants

1. **Economic Development Organizations** – A nonprofit corporation or association whose purpose is the enhancement of economic conditions in their community.
2. **Businesses** – A corporation, partnership, sole proprietorship, limited liability company, business trust or other commercial entity approved by the Commonwealth Financing Authority.
3. **Municipalities** – Includes any city, township, borough, town, county, or a home rule municipality.
4. **Hospitals** – An entity licensed to provide inpatient care and services under either the Public Welfare Code or the Health Care Facilities Act.
5. **School Districts**

B. Eligible Projects

1. **Natural Gas Extension** – projects that extend natural gas pipelines to construct the last few miles of distribution lines to business parks and existing manufacturing and industrial enterprises.

2. **Large Residential Conversion Projects** – projects that will provide the natural gas infrastructure to convert existing residential areas, consisting of more than 100 parcels, to natural gas.
3. **Combined Heat and Power** – projects that extend natural gas to a combined heat and power system that will serve an eligible applicant.

C. Eligible Project Costs

1. Funds may be used for any of the following eligible costs:
 - a. Acquisition of land, rights of way, and easements necessary to construct a natural gas pipeline and related appraisal and transaction costs.
 - b. Construction of natural gas pipelines.
 - c. Clearing and preparation of land necessary to construct a natural gas pipeline.
 - d. Engineering, design, and inspection costs related to a construction project, which shall not exceed 10% of the grant award.
 - e. Tapping costs – costs related to interconnecting distribution facilities with upstream interstate transmission facilities or gathering line facilities allowing distribution service expansion, including but not limited to metering, regulation, odorization, and related controls.
 - f. Administrative costs of the applicant to administer the grant are limited to 2% of the grant award. Administrative costs include advertising costs, legal, as well as documented staff expenses.
 - g. Project contingencies associated with the construction project are limited to 5% of the actual construction costs. No other contingencies shall be included as eligible project costs.
2. Ineligible costs include but are not limited to: fees for securing other financing, interest on borrowed funds, refinancing of existing debt, lobbying, fines, application preparation fees, and costs incurred prior to the approval of PIPE grant funds.

Section III – Program Requirements

A. Matching Funds

An eligible applicant shall provide matching funds of not less than 50% of the total project cost.

B. Planning and Permit Requirements

All recipients of funding for construction projects where federal, state, or local planning or permit approvals are required, must state in the application that the project will secure the necessary planning and permit approvals for the project prior to beginning construction. The applicant must document in the application that the project generally complies with any applicable county or local comprehensive plans as evidenced by a letter from the appropriate local planning agency.

C. Other Requirements

1. **Bidding Requirements**

Applicants must comply with all applicable federal, state and local laws and regulations dealing with bidding and procurement. At a minimum, applicants will be required to solicit competitive bids for work that will be conducted with PIPE grant funds.

2. **Conflict of Interest Provision**

An officer, director or employee of an applicant who is a party to, or who has a private interest in, a project shall disclose the nature and extent of the interest to the governing body of the applicant and may not vote on action of the applicant concerning the project, nor participate in the deliberations of the applicant concerning the project.

3. **Nondiscrimination**

No assistance shall be awarded to an applicant under this program unless the applicant certifies that the applicant shall not discriminate against any employee or against any person seeking employment by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the Pennsylvania Human Relations Act, which prohibits discrimination on the basis of race, color, religious creed, ancestry, age, sex, national origin, handicap or disability, or in violation of any applicable federal laws. All contracts for work to be paid with grant funds must contain the commonwealth's official nondiscrimination clause.

4. **Project Records**

The applicant must maintain full and accurate records with respect to the project and must ensure adequate control over related parties in the project. The Authority requires access to such records, as well as the ability to inspect all work, invoices, materials, and other relevant records at reasonable times and places. Upon request of the Authority, the applicant must furnish all data, reports, contracts, documents, and other information relevant to the project.

5. **Certification of Expenses**

The applicant shall sign a payment request form certifying that the expenses were incurred and were in accordance with the scope of work approved by the Authority. In lieu of a formal project audit and prior to final closeout of the grant agreement, the applicant shall be required to submit copies of all canceled checks verifying the expenditure of the Pipeline Investment Program proceeds. Bank statements may also be submitted if electronic payment of the expenditure occurred.

6. **Proof of Notification**

The applicant must provide proof that the county and host municipality, or municipalities, have been notified about the intended project.

7. **Guideline Provisions**

These guideline provisions may be modified or waived by the Authority unless otherwise required by law.

8. **Pennsylvania Prevailing Wage Act**

All, or a portion of, the construction work associated with the project may be subject to the Pennsylvania Prevailing Wage Act, as determined by the Pennsylvania Department of Labor & Industry. It is the responsibility of the Applicant to ensure that the Pennsylvania Prevailing Wage Act is followed if applicable.

D. Fees

The Commonwealth Financing Authority charges a \$100 non-refundable application fee for Pipeline Investment Program applications. The application fee must be paid electronically by credit or debit card or electronic check through our secure, third-party vendor. Payment of the application fee must be completed prior to the certification and submission of the Electronic Single Application. Detailed payment instructions will be provided on the Certification Tab of the Electronic Single Application once all required fields have been completed.

Section IV – Grants

1. The maximum grant amount of any Pipeline Investment Program project shall not exceed \$1.5 million or 50% of the total project costs, whichever is less.
2. In addition to the maximum grant amount under Section IV(1), the CFA may provide grants for tapping costs not to exceed \$500,000.
3. To be eligible for reimbursement, project costs must be incurred within the time frame established by the grant agreement.

Section V – Application Procedures

A. Application Procedures

To apply for funding, the applicant must submit the electronic on-line Department of Community and Economic Development Single Application for Assistance located at www.esa.dced.state.pa.us. Required supplemental information outlined in Appendix I of these guidelines must be attached electronically to the application as directed on the Addenda tab. For technical inquiries regarding the submission of the on-line application, contact the Customer Service Center at (800) 379-7448 or (717) 787-3405. Once submitted, please print one (1) copy of the application, including the required supplemental information, and mail to:

PA Department of Community and Economic Development
Site Development Office
Pipeline Investment Program
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

Please reference the application ID number on any documents sent with the signature page.

Section VI – Application Evaluation

Pipeline Investment Program applications will be evaluated on the following criteria:

1. Whether the project will result in adjoining residential and nonresidential properties obtaining natural gas.
2. The number of jobs created and/or retained.
3. The quality of the jobs created and/or retained as reflected in the average wage threshold.
4. Whether the project is in an area with a need for economic development, as shown by high unemployment, declining population, a significant inventory of brownfields or vacant housing, low to moderate household income, or other indicators established by the Authority.
5. Whether the project uses a previously utilized site.
6. Whether there is a high level of local support for the project as evidenced, at a minimum, by the presence of local matching funds for the project.
7. Whether the project will commence within 90 days of the Authority's approval.
8. The strategic importance of the project to the region.

Section VII – Procedure for Accessing Funds

Upon approval of an application by the CFA, a grant agreement and commitment letter will be electronically issued to the applicant explaining the terms and conditions of the grant. The Grantee must provide the names, titles and e-mail addresses for two authorized individuals to receive and electronically sign the grant agreement. The grant agreement must be electronically signed and returned to the CFA within 45 days of the date of the commitment letter or the offer may be withdrawn by the CFA.

Section VIII – Program Inquiries

Program inquiries should be directed to:

PA Department of Community & Economic Development
Site Development Office
Pipeline Investment Program
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

Telephone: (717) 787-6245
Fax: (717) 772-3581
E-mail: ra-dcedsitedvpt@pa.gov

These guidelines can also be accessed online at dced.pa.gov

Appendix I – Supplemental Information for the Single Application for Assistance

In addition to completing the on-line DCED Single Application for Assistance, please include the following items when applying:

Exhibit 1: Project Description

Provide a clear and concise description of the project which discusses all of the following:

- a) the specific location of the eligible applicant facility to be served by the pipeline;
- b) site characteristics such as the useable acreage and buildable square footage of the site if the pipeline is proposed to serve a business park or spec building; c) whether the proposed development of the site is consistent with an existing county comprehensive plan and, in the case of an undeveloped site, with an existing municipal comprehensive plan; d) the historical and proposed use of the site; e) ownership of the pipeline infrastructure; f) the number of residential units, public facilities, and/or businesses to be served by the pipeline; g) the estimated start and end dates of construction; h) and the potential employment opportunities to be realized as a result of the project.

Exhibit 2: Cost Estimate

Provide a thorough and detailed statement as to the estimated cost of the project. The estimate must be prepared by an engineer or other qualified professional and should be accompanied where appropriate by copies of the signed bids/quotations, contractor estimates, or sales agreements that verify project cost estimates.

Exhibit 3: Matching Funds Commitment

Provide funding commitment letters from all other project funding sources (including equity commitments).

- Funding commitments or term sheets provided by lending institutions must include the term, rate, and collateral conditions, and must be signed and dated.
- Funding commitments of equity from the applicant or private third party must be signed and dated (indicating the amount of funds being committed) and be accompanied by documentation (such as audited financial statements) showing the ability to commit such funds.

Exhibit 4: Color-Coded Map

Provide a detailed color-coded map or plot plan detailing the location of the natural gas infrastructure.

Exhibit 5: Planning Letter

A letter from the appropriate planning agency certifying that the proposed project complies with the comprehensive land use plans and zoning and subdivision codes.

Exhibit 6: Resolution

For public sector applicants, provide a resolution duly adopted by the applicant's governing board formally requesting the grant, designating an official to execute all documents, describing briefly the project scope, and identifying the grant amount. (see Appendix II for a sample resolution).

Send the completed attachments to:

Department of Community & Economic Development
Site Development Office
Pipeline Investment Program
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

If you have any questions on completing the application, please call the Office of Business Financing at (717) 787-6245.

Appendix II – Authorized Official Resolution

Be it RESOLVED, that the _____ (Name of Applicant) of _____ (Name of County) hereby request a Pipeline Investment Program grant of \$_____ from the Commonwealth Financing Authority of the Commonwealth of Pennsylvania to be used for _____.

Be it FURTHER RESOLVED, that the Applicant does hereby designate _____ (Name and Title) and _____ (Name and Title) as the official(s) to execute all documents and agreements between the _____ (Name of Applicant) and the Commonwealth Financing Authority to facilitate and assist in obtaining the requested grant.

I, _____, duly qualified Secretary of the (Name of Applicant), (Name of County), PA, hereby certify that the forgoing is a true and correct copy of a Resolution duly adopted by a majority vote of the _____ (Governing Body) at a regular meeting held _____ (Date) and said Resolution has been recorded in the Minutes of the _____ (Applicant) and remains in effect as of this date.

IN WITNESS THEREOF, I affix my hand and attach the seal of the _____ (Applicant), this ____ day of ____, 20__.

Name of Applicant

County

Secretary