

# Greenhouse Gas Reduction Fund

## IGAP Request for Information Snapshot

November 3, 2022

<u>Department:</u> Environmental Protection Agency	<u>Agency:</u> N/A
<u>Application Deadline:</u> December 5, 2022	<u>Docket Number:</u> EPA-HQ-OA-2022-0859

### Summary

EPA is soliciting feedback on the Greenhouse Gas Reduction Fund, a new competitive funding program created by the Inflation Reduction Act. The Greenhouse Gas Reduction Fund provides competitive funding for financial and technical assistance to enable zero-emission technologies and projects that reduce or avoid greenhouse gas emissions and other air pollution, including in low-income and disadvantaged communities. EPA received \$27 billion in FY2022 to implement the program. Responses may be used by the EPA to assist in program design and implementation.

### Background

The Inflation Reduction Act of 2022 added a new section to the Clean Air Act that establishes the Greenhouse Gas Reduction Fund grant program. These funds are available to EPA to award grants until September 30, 2024.

There are three main funding sections of the Clean Air Act:

- **Section 134(a)(1)** makes available \$7 billion to EPA to make competitive grants to States, municipalities, Tribal governments, and eligible recipients, as defined in the statute, to provide subgrants, loans, or other forms of financial assistance as well as technical assistance to enable low-income and disadvantaged communities to deploy or benefit from zero-emission technologies, including distributed technologies on residential rooftops, and to carry out other greenhouse gas emission reduction activities.
- **Section 134(a)(2)** makes available \$11.97 billion to EPA to make competitive grants to eligible recipients for the provision of financial and technical assistance to projects that reduce or avoid greenhouse gas emissions and other forms of air pollution.
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**Who Should Respond** All stakeholders are invited to respond to this Request for Information.

**Response Guidelines** In all cases, to the extent possible, please cite any public data related to or that support your responses. If data are available, but non-public, describe such data to the extent permissible. The EPA will generally not consider comments or comment contents located outside of the primary submission (i.e., on the web, cloud, or other file sharing system).

Respondents should clearly specify which Section and Question they are responding to in each portion of their submission.

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**Key Questions** Respondents do not need to address every question to submit a response.

### **Section 1: Low-Income and Disadvantaged Communities**

- What should EPA consider when defining “low income” and “disadvantaged” communities for purposes of this program? What elements from existing definitions, criteria, screening tools, etc., - in federal programs or otherwise - should EPA consider when prioritizing low-income and disadvantaged communities for greenhouse gas and other air pollution reducing projects?
- What kinds of technical and/or financial assistance should the Greenhouse Gas Reduction Fund grants facilitate to ensure that low-income and disadvantaged communities can participate in and benefit from the program?
- What kinds of technical and/or financial assistance should the Greenhouse Gas Reduction Fund grants facilitate to support and/or prioritize businesses owned or led by members of low-income or disadvantaged communities?

### **Section 2: Program Design**

- What should EPA consider in the design of the program to ensure Greenhouse Gas Reduction Fund grants facilitate high private-sector leverage (i.e., each dollar of federal funding mobilizes additional private funding)?
- What should EPA consider in the design of the program to ensure Greenhouse Gas Reduction Fund grants facilitate additionality (i.e., federal funding invests in projects that would have otherwise lacked access to financing)?
- What should EPA consider in the design of the program to ensure that revenue from financial assistance provided using Greenhouse Gas Reduction Fund grants is recycled to ensure continued operability?
- What should EPA consider in the design of the program to enable Greenhouse Gas Reduction Fund grants to facilitate broad private market capital formation for greenhouse gas and air pollution reducing projects? How could Greenhouse Gas Reduction Fund grants help prove the “bankability” of financial structures that could then be replicated by private sector financial institutions?
- Are there best practices in program design that EPA should consider to reduce burdens on applicants, grantees, and/or subrecipients (including borrowers)?
- What, if any, common federal grant program design features should EPA consider or avoid in order to maximize the ability of eligible recipients and/or indirect recipients to leverage and recycle Greenhouse Gas Reduction Fund grants?
- What should EPA consider in the design of the program, in addition to prevailing wage requirements in section 314 of the Clean Air Act, to encourage grantees and subrecipients to fund projects that create high quality jobs and adhere to best practices for labor standards, consistent with guidance such as Executive Order 14063 on the Use of Project Labor Agreements and the Department of Labor's Good Jobs Principles?
- What should EPA consider when developing program guidance and policies, such as the appropriate collection of data, to ensure that greenhouse gas and air pollution reduction projects funded by grantees and subrecipients comply with the requirements of Title VI of the Civil Rights Act, which prohibits discrimination on the basis of race, color, and national origin in programs and activities receiving federal financial assistance?
- What should EPA consider when developing program policies and guidance to ensure that greenhouse gas and air pollution reduction projects funded by grantees and subrecipients comply with the requirements of the Build America, Buy America Act that requires domestic procurement of iron, steel, manufactured products, and construction material?

- What federal, state and/or local programs, including other programs included in the Inflation Reduction Act and the Infrastructure Investment and Jobs Act or “Bipartisan Infrastructure Law,” could EPA consider when designing the Greenhouse Gas Reduction Fund? How could such programs complement the funding available through the Greenhouse Gas Reduction Fund?
- Is guidance specific to Tribal and/or territorial governments necessary to implement the program? If so, what specific issues should such guidance address?

### **Section 3: Eligible Projects**

- What types of projects should EPA prioritize under sections 134(a)(1)-(3), consistent with the statutory definition of “qualified projects” and “zero emissions technology” as well as the statute’s direct and indirect investment provisions? Please describe how prioritizing such projects would:
  - maximize greenhouse gas emission and air pollution reductions
  - deliver benefits to low-income and disadvantaged communities
  - enable investment in projects that would otherwise lack access to capital or financing
  - recycle repayments and other revenue received from financial assistance provided using the grant funds to ensure continued operability
  - facilitate increased private sector investment.
- Please describe what forms of financial assistance (e.g. subgrants, loans, or other forms of financial assistance) are necessary to fill financing gaps, enable investment, and accelerate deployment of such projects.
- Beyond financial assistance for project financing what other supports – such as technical assistance -- are necessary to accelerate deployment of such projects?

### **Section 4: Eligible Recipients**

- Who could be eligible entities and/or indirect recipients under the Greenhouse Gas Reduction Fund consistent with statutory requirements specified in section 134 of the Clean Air Act? Please provide a description of these types of entities and references regarding the total capital deployed by such entities into greenhouse gas and air pollution reducing projects.
- What types of entities (as eligible recipients and/or indirect recipients) could enable Greenhouse Gas Reduction Fund grants to support investment and deployment of greenhouse gas and air pollution reducing projects in low-income and disadvantaged communities?
- What types of entities (as eligible recipients and/or indirect recipients) could be created to enable Greenhouse Gas Reduction Fund grants to support investment in and deployment of greenhouse gas and air pollution reducing projects in communities where capacity to finance and deploy such projects does not currently exist?
- How could EPA ensure the responsible implementation of the Greenhouse Gas Reduction Fund grants by new entities without a track record?
- What kinds of technical and/or financial assistance could Greenhouse Gas Reduction Fund grants facilitate to maximize investment in and deployment of greenhouse gas and air pollution reducing projects by existing and/or new eligible recipients and/or indirect recipients?

### **Section 5: Oversight and Reporting**

- What types of governance structures, reporting requirements and audit requirements (consistent with applicable federal regulations) should EPA consider requiring of direct and indirect recipients of Greenhouse Gas Reduction Fund grants to ensure the responsible implementation and oversight of grantee/subrecipient operations and financial assistance activities?
- Are there any compliance requirements in addition to those provided for in Federal statutes or regulations (e.g., requirements related to administering federal grant funds) that EPA should consider when designing the program?

- What metrics and indicators should EPA use to track relevant program outcomes including, but not limited to, (a) reductions in greenhouse gas emissions or air pollution, (b) allocation of benefits to low-income and disadvantaged communities, (c) private sector leverage and project additionality, (d) number of greenhouse gas and air pollution reduction projects funded and (f) distribution of projects at the national, regional, state and local levels?
- What should EPA consider in the design of the program to ensure community accountability for projects funded directly or indirectly by the Greenhouse Gas Reduction Fund? What if any existing governance structures, assessment criteria (e.g., the Community Development Financial Institutions Fund's Target Market Accountability criteria), rules, etc., should EPA consider?

## Section 6: General Comments

- Do you have any other comments on the implementation of the Greenhouse Gas Reduction Fund?
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## How to Submit

Submit your comments, identified by Docket ID No. EPA-HQ-OA-2022-0859, to the [Federal eRulemaking Portal](#). The EPA may publish any comment received to its public docket.

Contact [GHGRFund@epa.gov](mailto:GHGRFund@epa.gov) for further information.

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## Resources

- [Request for Information on Regulations.gov](#)