



December 5, 2022

Michael Regan, Administrator
US Environmental Protection Agency
Office of the Administrator, Mail Code 1101A
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Re: Docket ID No. EPA-HQ-OA-2022-0859

Dear Administrator Regan, EPA Staff, and Members of the Environmental Finance Advisory Board,

On behalf of Americans for Financial Reform Education Fund, Emerald Cities Collaborative, The Greenlining Institute, Just Solutions Collective, Rewiring America, and the 72 undersigned organizations, we welcome the opportunity to comment in response to the Environmental Protection Agency's (the "EPA") Request For Information ("RFI") on the Greenhouse Gas Reduction Fund (the "Fund") program design and implementation. We write to urge you to prioritize environmental, racial, and economic justice as you administer the Greenhouse Gas Reduction Fund, as authorized by the Inflation Reduction Act of 2022.

The EPA should plan the implementation of the Fund to ensure it achieves both the equity and climate goals of the Inflation Reduction Act, President Biden's Justice40 Initiative,¹ and the EPA's Equity Action Plan.² Below are key principles the EPA should prioritize in order to equitably deploy capital to maximize benefits to low-income and disadvantaged communities.

The EPA should disburse capacity-building technical assistance and workforce development funding to low-income and disadvantaged communities in the initial tranche of funding.

Recognizing that the EPA is required by statute to begin disbursing funding in February of 2023 and that there is a significant need to help communities meaningfully participate in the Fund and to boost the workforce needed to install zero-emissions technologies and deploy other qualified projects, this would

¹ "Justice40 A Whole-Of-Government Initiative." The White House. <https://www.whitehouse.gov/environmentaljustice/justice40/>

² "Equity Action Plan." Environmental Protection Agency. <https://www.epa.gov/environmentaljustice/equity-action-plan>

help community-based organizations and environmental justice communities boost their capacity to apply for and advance zero-emissions projects.

The Fund should prioritize capacity-building investments in low-income and disadvantaged communities. Qualified projects include any activity that “assists communities in the efforts of those communities to reduce or avoid greenhouse gas emissions and other forms of air pollution.” Activities in low-income and disadvantaged communities that build the community’s capacity, like community planning and workforce development, should be prioritized for direct investment. Making these investments early will enable communities to better take advantage of subsequent opportunities for investment and assistance. Likewise, prioritizing technical assistance grants to low-income and disadvantaged communities will result in communities that are better equipped to meaningfully participate in the Fund. This includes indirect investments to establish new or support existing public financing entities like green or public banks. Additionally, on the community level, a spectrum of services should be made available that will facilitate the development of a potential pipeline of fundable projects, including education, pre-project development, and both application and project implementation support, such that when communities are prepared to seek funds they are successful in going through the process.

Investments should be stewarded by trusted community-based financial institutions and green banks with proven track records of investment in community-driven projects, offering the best opportunity to leverage private dollars to achieve the Fund’s goals. We urge the EPA to set forth a competitive, transparent process for selecting possible entities to receive dollars from the Fund to ensure a diverse set of entities are included in the pipeline to access the Fund. We recommend issuing a Request for Proposals (RFP) to generate a diverse applicant pool, and to prioritize entities with proven grantmaking or financing relationships to Black, Brown, Indigenous, People of Color (BIPOC)-led organizations, including a history of co-governance relationships with these organizations, in order to deliver maximum investment to the low-income, low-wealth, and disadvantaged communities whom the Fund is intended to reach. We further recommend the EPA ensure strong coverage of benefits across all geographies and within different networks and types of financial institutions.

Projects receiving direct or indirect investment from the Fund must be consistent with the fundamental environmental justice principle of self-determination. The Fund must include mechanisms to ensure that low-income and disadvantaged communities are meaningfully involved in making decisions about projects that may affect them, especially with respect to pollution, health, and energy burden. Investment standards should be in place that require projects to be community-driven, build community capacity, and deliver intentional benefits.³ We recommend that the EPA require recipients to proactively engage with residents of low-income and disadvantaged communities to develop and apply such standards for projects assisted by the Fund to ensure that meaningful benefits are realized and communities are not harmed.

³ “Greenlined Economy Guidebook.” The Greenlining Institute. September 2020.
<https://greenlining.org/publications/2020/greenlined-economy/>

Additionality will be best achieved by maximizing investment in low-income and disadvantaged communities, with an emphasis on Black communities, communities of color, and Tribes and Indigenous communities. The first step to this Fund creating additionality, i.e. funding projects that would not have been otherwise funded, is by prioritizing low-income and disadvantaged community projects. These funds should reach places that the private market is not yet reaching or that the market has neglected. To implement this practically, the EPA should institute a strong “but for” test which direct recipients must utilize to justify investments. Criteria or questions that should be considered in such a test could include:

- Could the recipient receive traditional financing (particularly private sector financing) for the project?
- Are there other incentives/programs that would better suit this project?
- Is there evidence to show that projects of similar type have been underserved by or excluded from programs or incentives that the project qualifies for (for example, as a result of historic discrimination or programs shown to have under-served portions of the eligible populations)?⁴

Projects that are likely not to pass such a test, and perhaps do not best serve additionality goals for this Fund, include utility-scale renewable energy projects and research and development projects for emerging technologies.

Opportunities to enhance economic well-being and wealth-building in low-income and disadvantaged communities should be emphasized. An important component in the implementation of the Fund is to facilitate a number of co-benefits to low-income and disadvantaged communities. These investments have an important role to play in closing legacy gaps in investment, especially in Black and other communities of color, that have hindered the accumulation of wealth in these communities and led to immense disparities. The EPA should encourage eligible recipients to incorporate opportunities for community ownership and wealth-building strategies in the deployment of clean energy technologies⁵ as a means of delivering this critical co-benefit.

Smaller-dollar, community-oriented projects should make up a considerable portion of the portfolio of projects financed from the Fund, to promote the use of proven emissions-reducing technologies that improve the health and livelihoods of communities. Traditional finance has long evaded small, community-scale projects as financial institutions prefer to finance larger-scale projects in order to meet underwriting criteria. In some cases, some financing institutions, like the New York Green Bank, are statutorily required to support projects at the wholesale level. The Fund offers a unique opportunity to extend capital to those very projects that would otherwise go unfunded either for legal reasons or because of the market’s preference for larger projects. The EPA should urge or incentivize recipients to dedicate funds to small-dollar projects such that the intention of the statute to benefit low-income and disadvantaged communities is met. These projects should incorporate proven strategies,

⁴ “Despite Progress, Low-Income Households Underserved by Utilities’ Efficiency Programs.” ACEEE. November 2022. <https://www.aceee.org/press-release/2022/11/report-despite-progress-low-income-households-underserved-utilities>

⁵ Kent, Adam. “An Opportunity for Equitable Climate Finance.” Natural Resources Defense Council. October 2022. <https://www.nrdc.org/experts/adam-kent/opportunity-transform-climate-finance>

which can include electrification retrofits, community-based mobility projects, district geothermal, rooftop and community solar, and battery storage, that reduce emissions and provide tangible benefits to residents of low-income and disadvantaged communities.

Require that information regarding financed projects is collected and publicly shared to ensure accountability of these projects and guarantee funds are reaching low-income and disadvantaged communities. It will be important for the EPA to track program outcomes for accountability, and as proof of concept for how these funds are facilitating market transformation and benefits to historically disinvested communities. The EPA should create a publicly-available web portal and dashboard, in addition to a technical assistance platform, that hosts the data for the Fund’s climate and community benefits outcomes. The eligible recipients should be required to, at minimum, annually report to the EPA’s portal on where and how the funds are being distributed.

Ensure that a mix of grants, loans, and low-cost financing options are supported by the Fund. While the Fund is intended to deploy capital in a way where the payback can help support the sustainability of the Fund, it is important that a portion of the fund is used to provide grants to projects that are unable to qualify for loans or financing. Well-positioned and targeted grants can help build market confidence in clean energy technologies as well as advance the infrastructure needed to sustainably deploy zero-emissions technologies. For example, grants to cover the upfront cost of starting a contractor firm could help individuals from underrepresented groups build sustainable businesses in communities. Even while deploying some grants, other financing support from the Fund could continue to ensure the Fund’s continued operability.

The EPA should expressly confirm that the Fund is a “covered program” for Justice40 purposes. As part of implementation of Justice40, the Office of Management and Budget released Interim Implementation Guidance which specified that a “covered program” is a Federal Government program that makes covered investment benefits in one or more of seven areas, including climate change and clean energy and energy efficiency⁶. The guidance further requires agencies to report benefits to OMB. We recommend that the EPA confirm with OMB that the implementation of this Fund is a covered program and plan to report on program benefits accordingly.

We thank the EPA for issuing this RFI, and urge you to heed our input to design and implement the Greenhouse Gas Reduction Fund in a manner that maximizes benefits for low-income and disadvantaged communities.

⁶ “Interim Implementation Guidance for the Justice40 Initiative.” Office of Management and Budget. <https://www.whitehouse.gov/wp-content/uploads/2021/07/M-21-28.pdf>

Sincerely,

Americans for Financial Reform Education Fund
Emerald Cities Collaborative
The Greenlining Institute
Just Solutions Collective
Rewiring America

ACCE (Alliance of Californians for Community Empowerment)
Action Center on Race & the Economy
Adasina Social Capital
African American Alliance of CDFI CEOs Inc.
Building Decarbonization Coalition
California Reinvestment Coalition
Center for Neighborhood Technology (CNT)
Ceres
City of Fort Collins
CleanAirNow
Climate Action California
Climate Crisis Policy
Coalition of Community Organizations
Communities Unlimited, Inc.
Connecticut Citizen Action Group (CCAG)
Cool Planet Working Group of First Presbyterian Church of Palo Alto
Croatan Institute
E2 (Environmental Entrepreneurs)
Earth Action, Inc.
Ecology Center (of Michigan)
Ecumenical Ministries of Oregon
Elders Climate Action
Energy Alabama
Energy Solutions
Evergreen Action
Extinction Rebellion San Francisco Bay Area
First Alliance Consulting LLC
Forth
Friends of the Earth US
Future Nexus
Grassroots Global Justice Alliance
Greater Grand Rapids NAACP
Growth Opps
Health Care Without Harm
Hip Hop Caucus

Inclusiv
Institute for Market Transformation
Keystone Energy Efficiency Alliance
Kinetic Communities Consulting
League of Conservation Voters
Mid-Missouri Peaceworks
Mormon Environmental Stewardship Alliance
National Energy Improvement Fund
Natural Resources Defense Council
NDN Collective
New Mexico Climate Justice
New Urban Mobility Alliance
North Carolina Climate Justice Collective
North Carolina Justice Center
Peninsula Interfaith Climate Action (PICA)
People's Action Institute
PODER (People Organizing to Demand Environmental and Economic Rights)
Positive Money US
Private Equity Stakeholder Project
Public Citizen
Renewal of Life Trust
Respiratory Health Association
Revolving Door Project
Rural Community Assistance Corporation
Sierra Club
The Chisholm Legacy Project
The Climate, Energy and Environment Team of the Consolidated Oregon Indivisible Network (COIN)
The Semilla Project
The Sunrise Project
Third Act
Transformative Wealth Management, LLC
Transportation Riders United
Virginia Organizing
WE ACT for Environmental Justice
350 Conejo / San Fernando Valley
350.org
350Hawaii