U.S. Environmental Protection Agency
Environmental Financial Advisory Board

Public Meeting Minutes
October 18–19, 2022

Location:
Hyatt Regency Denver Tech Center
Denver, Colorado
and
Virtual Platform

Respectfully submitted by Edward H. Chu, EPA Designated Federal Officer
Certified as accurate by Kerry E. O'Neill, Chair, Environmental Financial Advisory Board

NOTE AND DISCLAIMER: The minutes that follow reflect a summary of remarks and conversation during the meeting. Such ideas, suggestions, and deliberations do not necessarily reflect consensus advice from the Board. Formal advice and recommendations may be found in the final advisory reports or letters prepared and transmitted to the agency following the public meetings. Moreover, the Board advises that additional information sources be consulted in cases where any concern may exist about statistics or any other information contained within the minutes.

Contents

Purpose

The U.S. Environmental Protection Agency (EPA) Financial Advisory Board (EFAB or Board) is an advisory committee chartered under the Federal Advisory Committee Act (FACA) to provide advice and recommendations to EPA on creative approaches to funding environmental programs, projects, and activities. The purpose of the meeting was for EFAB to provide workgroup updates and work products, consider possible future advisory topics, and receive updates on EPA activities.

The meeting was announced in the Federal Register (see appendix 1).

Please see appendix 2 for the agenda.

Day 1

Welcome, Member Roll Call, and Review of Agenda

Welcome

Designated Federal Officer (DFO) Edward (Ed) H. Chu welcomed attendees and gave an overview of the two-day meeting. He reminded participants that the meeting would be recorded and livestreamed and that a meeting summary would be available within 90 days. He thanked those who had made the hybrid event possible. He noted there were public commenters present and explained how others could submit comment for the record.

Ed Chu turned the meeting over to the EFAB Chair, Kerry O'Neill, for the roll call (see appendix 3 for EFAB member affiliations).

Roll Call

Ashley Allen Jones, present
Courtney L. Black, present
Steven J. Bonafonte, present
Angela Montoya Bricmont, present
Matthew T. Brown, present
Stacy Brown, present
Theodore (Ted) Chapman, present
Albert Cho, present
Janet Clements, present
Lori Collins, present
Zachary Davidson, present
Jeffrey R. Diehl, present
Sonja B. Favors, present
Phyllis R. Garcia, present
Eric Hangen, present
Edward Henifin, not present
Barry Hersh, not present
Craig Holland, present
Craig A. Hrinkevich, present
Margot Kane, present
Thomas Karol, present
George W. Kelly, present
Gwendolyn Keyes Fleming, not present
Cynthia Koehler, present
Colleen Kokas, not present
Joanne V. Landau, present
Lawrence Lujan, present
MaryAnna H. Peavey, present
Dennis A. Randolph, present
Eric Rothstein, present
Sanjiv Sinha, present
William Stannard, present
Marilyn Waite, present
David L. Wegner, present
Gwen Yamamoto Lau, present
David Zimmer, present

EPA Region 8 Welcome

KC Becker, EPA Region 8 Regional Administrator

KC Becker welcomed attendees to EPA Region 8, which she described as the second largest of EPA's regions by land area but the smallest in terms of population; it is very rural. She said there are 28 tribal nations in the region, as well as significant poverty.

KC Becker said that climate change is having a major impact on the area, including extended wildfire seasons and extreme weather events, such as a decline in snowpack and a scarcity of water.

She said that the Bipartisan Infrastructure Law (BIL) offers an unprecedented level of resources, and although the opportunities are exciting, there are challenges. Providing real time technical assistance (TA) to communities is a priority so that they can implement projects. Another challenge is having the human resources and operations and maintenance (O&M) to apply for and then use the funding. With the region's few technical experts, engineers, and contractors spread across a vast area, there are not enough people who can apply for and implement opportunities offered by the BIL and other sources. In addition, some communities find https://www.whitehouse.gov intimidating. Some groups say that it's not worth the time and effort to apply for grants because even a simple mistake means they won't get awarded. She said communities in her region want a simple process; they want federal agencies to coordinate with one another. She said resources will make real differences in communities, and that the BIL and Inflation Reduction Act (IRA) won't be the end, they will be the beginning.

Ed Chu invited questions from EFAB.

Lori Collins asked if there is a role for non-profit organizations (NPOs) to help bridge the gap between government resources and community needs. **KC Becker** said there may be; NPOs may be grantees. It depends on how statute is written and whether groups exist in particular areas.

George Kelly said asked about defining environmental justice (EJ) for rural areas, and he also asked whether O&M can be built into performance-based contracting. **KC Becker** said that when they talk about environmental justice in Region 8, it's about addressing the most underserved communities, which looks differently than in urban areas. She pointed to EPA's EJ Screening Tool's initial inability to capture issues that affect the area. The tool might look at lead-based pipes, for example, which may be an issue in some communities in Denver. However, some rural areas have no upgraded water system at all. She noted that adjustments have been made to the tools. Regarding the O&M issue, KC Becker said she does not have an answer and would like to hear more from the group about how to address the challenge.

Kerry O'Neill said the conversations over the next couple of days will be well informed by KC Becker's on-the-ground perspective. **KC Becker** thanked the group for their focus and for giving their time to think through the structural changes that they need to make to make resources valuable to whole community.

MaryAnna Peavey asked how Region 8 going to ensure that TA gets to communities that need it and is high-quality so that communities receive accurate information—particularly how it will work with State Revolving Fund (SRF) programs. **KC Becker r**eplied that EPA has resources for TA, but EPA does not control how states spend their SRF monies. She said that they are hiring experts to provide TA. She said she was not sure how quality control will be done, but that a more immediate challenge is letting communities know that the resources and TA are available to them.

Ted Chapman observed that co-op models (water and electricity) work in low-density areas and would allow for additional funding opportunities, such as U.S. Department of Agriculture (USDA) funds and private banks that serve co-ops. He asked if such an idea might work to increase funding for infrastructure. **KC Becker** said that was an interesting idea she does not know much about.

Ashley Allen Jones said the model for delivering health and medical services to Native communities may be something to piggyback on. **KC Becker** said that Indian Health Services (his) and EPA cooperate well to make use of insufficient funding, but resources, staffing, and training are challenges. Keeping people on the reservation is a challenge. Reservations need staff and resources, as well as O&M. The clinical model faces the same challenges.

Dennis Randolph noted the importance of developing capacity in organizations that stays with the organization, as opposed to hiring consultants that depart. He also remarked on KC Becker's comment that communities fear audits; he said it important to access and learn from reports. **KC Becker** said they are facilitating conversations between local inspector generals (IGs) and states so that everyone understands expectations. In rural states, the circuit rider concept is important. Associations can do trainings, but in some rural areas there are unique systems tailored to a specific community, so when the expert is gone, the person coming after them can't figure the system out. She said training is will always be important, and she's excited about what Congress has done to help all these places achieve a high quality of life.

DFO News

Ed Chu said that the spring EFAB meeting normally held in March will be moved to February to be responsive to the accelerated timeframe of the Greenhouse Gas Reduction Fund (GHGRF) charge. That charge will require three virtual meetings before the end of the year. These full Board meetings are tentatively planned for November 17, December 1, and December 15. These meetings will be about an hour or two at most. The date for the in-person February meeting has not yet been set.

Kerry O'Neill said that when the charge is discussed later, it will become clear why the full Board meetings need to happen.

EPA Office of Environmental Justice and External Civil Rights

Marianne Engelman-Lado, OEJECR Acting Principal Deputy Assistant Administrator
Robin Morris Collin, Senior Advisor to the Administrator for Environmental Justice

Note: See appendix 4 for the presentation slides.

Marianne Engelman-Lado said that, consistent with administration's environmental justice priorities, EPA has combined three existing offices (the External Civil Rights Compliance Office, the Conflict Prevention and Resolution Center, and the Office of Environmental Justice) into a single new national program: the Office of Environmental Justice and External Civil Rights (OEJECR). She said the President will nominate a candidate for Assistant Administrator of this new office. In the meantime, Marianne Engleman-Lado is principal deputy, Robin Morris Collis is Senior Advisor to the Administrator for Environmental Justice, and Matthew Tejada and Lilian Dorka serve as deputies.

Marianne Engelman-Lado said that the reorganization reflects the priority of environmental justice and the need for a high level of leadership and coordination. She said the $3 billion from IRA is just a part of the monies that will be dispersed to low-income and disadvantaged communities. Transparency will also be a priority. Staffing will increase, including 110 full time employees (FTEs) across EPA's 10 regions. Hiring has already begun.

Marianne Engelman-Lado mentioned the OEJECR launch event was held in Warren County, North, Carolina, which is considered to be the birthplace of the environmental justice movement. She said that the goal of the work is to protect the health and environment of all people across the country, and ultimately, they will be judged on whether the make a difference on the ground.

In the webinar chat, **Roger Jones** asked: Will the Grants Management Division provide technical support to small/rural communities? **Robin Collin** said yes, and there is a special program, the Thriving Communities Technical Assistance Center, or TCTAC, to reach those communities. EPA teamed with Department of Transportation (DOT), USDA, and Department of Energy (DOE) to ensure rural as well as urban communities know how to access grant monies. The centers help people figure out what they're eligible for and how to apply, and how to combine resources.

Sonja Favors asked in the chat: How will the establishment of this office work with state agencies? **Robin Collin** said that regional offices have staff dedicated to environmental justice, now in sufficient numbers to begin to work with people. Environmental justice organizations may want to start by contacting their regional office, whose staff are in daily contact with state and local officials. **Marianne Engelman-Lado** added that the Office of Policy, Partnerships, and Program Development will have responsibility for partnership with the states. She also said that the Office of External Civil Rights Compliance works with states all permitting entities are obligated to comply with civil rights laws. They spend a lot of time trying to provide as much information to states as possible.

Dennis Randolph asked how EPA will deal with the issue that, by simply complying with civil rights laws, states believe they've achieved environmental justice. In addition, he said he is concerned that whenever there's talk of infrastructure development, National Environmental Policy Act (NEPA) is raised as a delay. But NEPA is at the heart of environmental justice. He asked what support EPA will throw into that battle. **Marianne Engelman-Lado** said NEPA and civil rights were the statutory foundation for Executive Order (EO) 12898, and civil rights and environmental justice are being integrated into all EPA practices.

Robin Collin said spending has urgent time constraints; $3 billion in block grants must be disbursed in three years and a structure needs to be developed to ensure that funding gets into the right hands. She said that it is a transformative amount of money for low-income and disadvantaged communities. Her question for EFAB is: How do the funds get to these communities?

Eric Hangen asked to hear more about the climate justice block grant, such as the timeline for its rollout, how community-based organizations will be defined, and how funds will work with other initiatives. **Robin Collin** said that there are several pockets of money, and they want to put together funding that makes sense and are within the limits of the law. She said climate justice block grants can't go to states; they go to community-based organizations (CBOs) or CBO–state partnerships. Greenhouse gas funds, however, can go to states. Robin Collin said her concern with funding partnerships is that they may not be partnerships among equals; large capital organizations may fall back on familiar models. **Marianne Engelman-Lado** added that OEJECR is charged with new responsibilities, and they are figuring it out as they go along, ensuring they are consulting with the right people.

Sonja Favors said her concern is that communities may be an after-thought, and that without checks and balances, communities will not benefit from the impact of these programs. Second, she noted that communities do not have capacity apply for grants or even to know who to contact who can help them apply for funding. She said many communities don't even know what questions to ask. She asked what is changing in the model, particularly at the state level where these programs are managed. **Marianne Engelman-Lado** agreed and replied that there are several ways of addressing the issues, such as by identifying and addressing specific barriers to resources. Another approach is to address capacity building in communities, such as bookkeeping and grants stewardship. She said some grants will be for capacity building.

David Wegner said it is imperative to make this new opportunity work. However, he said that communities such as unincorporated colonias don't have staff to do anything. He asked how programs will be assessed to ensure funds go to the right people, that funds are used appropriately, and that goals are being met. **Robin Collin** agreed and said that the EPA Administrator conducted a "journey of justice," to experience what communities "look and smell like." His mission is to reach communities left behind. She added that EPA now has more than 30 years of environmental justice experience and has listened to the National Environmental Justice Advisory Council (NEJAC) to learn from and to be accountable to communities. Third, she said, they have new tools that track where money is going by community. **Marianne Engelman-Lado** emphasized that assessment is built into the Justice40 Initiatives and there are other mechanisms, such as performance goals in EPA's strategic plan.

Robin Collin shared a link to EJScreen, EPA's Environmental Justice Screening ad Mapping Tool: https://www.epa.gov/ejscreen

EPA Senior Management Update

Zealan Hoover, Senior Advisor to the EPA Administrator

Note: See appendix 5 for the presentation slides.

Zealan Hoover said that the IRA and BIL has grown EPA from a $9.5 billion to a $100 billion agency over the next few years, offering a historic opportunity to reduce U.S. emissions by 40% by 2050. When layered with other EPA, state, and local action, as well as with innovations from private sector, he said he is confident the U.S. can reduce emissions by 50% overall by 2030.

He said that EPA will play a major role in reducing emissions in hard-to-abate sectors by scaling programs such as carbon capture and decarbonizing the electric grid.

In addition to $41.5 billion of appropriated funds, there will be an additional $11.7 in new revenue resulting from reinstating the Superfund Tax.

Zealan Hoover shared an overview of what is happening across the federal government related to the IRA. He said the majority of funding (a projected $270 billion) is going to tax credits for the electricity sector, clean manufacturing, electric vehicles, and so on. Regarding discretionary spending, EPA has about $56 billion, followed by USDA ($47 billion) and DOE ($35 billion). About 15 other agencies together receive about $24 billion.

About 24 EPA programs received funding, but about 98% of funding goes to six programs: Greenhouse Gas Reduction Fund ($27 billion); Climate Pollution Reduction Grants ($5 billion); Environmental and Climate Justice Bock Grants ($3 billion); grants to reduce air pollution at ports ($3 billion); Methane Emissions Reduction Program ($1.5 billion); and Clean Heavy-Duty Vehicles ($1 billion).

Zealan Hoover shared EPA's guiding principles for ensuring the monies are well spent and will impact communities with the greatest need. He shared ways communities can engage with EPA, such as through listening sessions and public meetings, and he encouraged individuals to visit https://www.epa.gov/newsroom to sign up for emails and stay current on opportunities to provide input.

Kerry O'Neill said that the amount of funding is stunning, and she wondered about prioritizing across the agency. **Zealan Hoover** said that hiring is a priority to address implementation and management challenges.

Dave Wegner asked how the program will be synergized across the agency at the policy level. **Zealan Hoover** said there are a lot of deputies and coordination tools in place. For example, EPA has a Climate Task Force and Deputies Committee to coordinate IRA programs, and there is a similar structure for BIL initiatives. In addition, several interagency workgroups have been formed.

Ed Chu asked about accountability and outcome measurement. Regarding accountability, **Zealan Hoover** said there is upfront program design and steps to proactively prevent fraud, such as requiring application through a SAM.gov account, which has strong fraud prevention elements. There are also reactive steps to take, such as quality control and fraud checks. The third line of defense is the Inspector General, whose office has also received funding to support their activities. On measurement, he said they are working with every program to define success and to find ways to measure that and establish feedback loops for continual improvement. EPA has a Chief Evidence Officer, and programs are developing logic models that tie their indicators to their theory of impact.

GREENHOUSE GAS REDUCTION FUND (GHGRF) PROPOSED CHARGE

Alejandra Nunez and Tim Profeta, EPA Office of Air and Radiation

Note: The presentation slides can be found in appendix 6.The charge questions are in appendix 7. The statute language is in appendix 8.

Ed Chu said that, about two weeks prior, the Board created a subgroup to help EPA come up with a draft charge that EPA could propose to the Board at large. He said that although Alejandra Nunez and Tim Profeta are from EPA Office of Air and Radiation (OAR), for the purposes of this project, they represent the Administrator's Office (AO), which requested a charge. He said that the current session is to make sure the Board has a clear understanding of what the law says and what the charge questions mean. He said tomorrow the group can fine-tune the charge and set a timeline.

Alejandra Nunez began by explaining that the GHGRF is a new program resulting from an amendment of the Clean Air Act that provides $27 billion for EPA to award via competitive grants for technical and financial assistance. The legislation has three streams. Funding stream 1 provides $7 billion; funding stream 2 provides nearly $12 billion, and stream 3 provides $8 billion. While funding stream 1 is for states, municipalities, tribal governments, and other eligible recipients, streams 2 and 3 exclude state, local, and tribal governments and are for eligible recipients only.

Funding stream 1 is awarded so that recipients can provide subgrants, loans, and other kinds of financial and technical assistance. Streams 2 and 3 are for reducing greenhouse gas (GHG) and other forms of air pollution. Investments in streams 2 and 3 can be direct or indirect.

Alejandra Nunez pointed out that EPA must begin making grants by February 12, 2023, and funds will remain available to EPA only until September 30, 2024.

Tim Profeta added that there are the following five key ambitions from statute that will have to be balanced:

1. Projects should reduce or avoid GHG emissions or other air pollution in partnership with the private sector.
2. Projects should assist communities with reducing or avoiding GHG emissions or other forms of air pollution.
3. Recipients of direct grants should prioritize investment in projects that would otherwise lack access to financing.
4. Grantees should retain, manage, recycle, and monetize repayments and other revenue to ensure continued operability.
5. Indirect investments should provide funding and technical assistance to establish entities that provide financial assistance to qualified projects at the community level.

Ted Chapman asked whether there are local matches for stream 1 funding. He also wanted to know whether there are not-to-exceed figures as a part of full project costs; in other words, does any language say that grants cannot be more than, say, 49% of the total project, or could they be 100% of the investment?

Alejandra Nunez said there is no such language in the statute; they had described the entire text.

Dave Wegner asked whether the five ambitions are nested together or are they individual? **Tim Profeta** said he thinks of it as one strategy, but elements must be balanced. **Dave Wegner** asked if the vehicle in mind for leveraging private capital was public–private partnerships or another mechanism. **Alejandra Nunez** said that some concepts are very broad, and they would welcome recommendations from EFAB on the matter. She said it would be ideal to provide Administer Regan with several options and the pros and cons for each option.

Tim Profeta clarified that single strategy doesn't mean single program.

Craig Holland asked whether technical assistance is defined. If a community group wants to look at a particular issue, what would they be able to do? **Tim Profeta** said the statute does not define TA, but because this is a new section of the Clean Air Act, anything pertinent in the Act would apply.

George Kelly asked whether money spent with indirect investments have to follow the rules for direct investment. He also asked for clarity on "other pollutants". **Tim Profeta** said the specific language in the statute is not carried down to the level of indirect recipient.

Alejandra Nunez turned the discussion to the proposed charge and said that Administrator Regan would like a robust set of options by mid-December, if feasible. She acknowledged that it's a very tight timeframe.

Ed Chu shared that the draft charge included input from Margot Kane, Craig Hrinkevich, Dennis Randolph, Marilyn Waite, Jeff Diehl, George Kelly, Gwen Yamamoto Lau, Ashley Allen Jones, and Eric Hangen.

Program Objectives

Alejandra Nunez said that the objectives are tied to the text of the statute. The first objective is environmental justice and the definition of "low-income and disadvantaged communities". She went over the three potential charge questions for this objective.

Tim Profeta walked through potential questions under the second objective, Program Efficiency.

Eric Rothstein asked whether there are templates to assess proposals or applications so that everyone is clear about the information they need to provide and so that those assessing applications can compare applicants appropriately. **Alejandra Nunez** said that doesn't exist yet, but EFAB could recommend ways to do this. **Eric Rothstein** assured that the analytics are not difficult and simple tools could go a long way toward offering clarity about what information needs to be submitted to support projects.

MaryAnna Peavey asked if there are existing programs in OAR that the program can leverage. She also wanted to know if any funding will go to research and innovation. **Alejandra Nunez** said this program is the first of its kind, and they are looking across funding pots and other initiatives to see what is there. Part of the language is about filling gaps, and they would welcome input from EFAB on federal or state examples. **Ashley Allen Jones** said that in addition to federal and state examples, EFAB could look at government grants, foundation grants, community development financial institutions (CDFIs), green banks, innovation funds, private equity funds, blended funds, and public–private partnerships, to name a few. Feedback could include the program, a description of how it's done, and pros and cons. **Tim Profeta** said that other information could include how programs could be leveraged or partnered with.

Eric Hangen asked if there any "first among equals" as EFAB takes goals into account. **Alejandra Nunez** said the Administrator will make a decision, and pros and cons will help because it's not possible to max out everything.

Craig Holland observed that "leverage" often refers to matching funds at the project level; however, for funds to be truly impactful, we should be creating new institutions with long-term operating objectives. He encouraged the Board to take a broad definition. He asked whether EPA could compensate people in disadvantaged communities for taking part in focus groups or listening sessions.

Alejandra Nunez said EPA has $30 million to administer the program, available until 2031. **Tim Profeta** said we don't need to think of these programs as stovepipes; there may be synergies. EPA is not going to be giving direct grants, but grantees can support TA as a part of the grant.

Ed Chu asked what happens after monies are disbursed. There can be a big difference in money allocated for administering grants.

Dave Wegner commented that we don't have the metrics on disenfranchised communities figured out. He asked what the ultimate goal is—to build community capacity to address the issue, or something else? It would help the Board know EPA's ultimate goal so they can approach the charge with that in mind. **Alejandra Nunez** suggested the Board could help them prioritize.

Tim Profeta said that EPA is coming to the Board very early in the process and they are embracing the Board's diverse expertise to help frame and narrow the question rather than having it narrowed already.

George Kelly asked if the Board should look at the charge questions relative to the statutory constraints. He also wanted to know how they should think about potentially duplicative funding. **Tim Profeta** replied yes, it needs to be within the statute. To George Kelly's second question, Tim Profeta said the Board should consider this program in the context of other programs. If the Board thinks things are well financed already, then that makes a difference.

Program Structure

There are three parts to this bucket of the draft charge. **Alejandra Nunez** walked Board members through the first, eligible recipients. Questions here concern who would be eligible entities and what deployment thresholds the Board recommends, as well as what entities would best enable funds to reach disadvantaged communities.

Tim Profeta discussed part 2 of the bucket, eligible projects, and the three categories of questions. These concern the Board's advice on priority markets; factors about each of the major markets, and advisable contracting vehicles.

Finally, **Alejandra Nunez** introduced questions concerning the structure of funding, such as program design requirements. She said EPA wants to create a robust, yet realistic program.

Regarding performance-based contracting, **Eric Hangen** commented that low-income communities need pre-development grants. **Tim Profeta** iterated that EPA is looking for pros and cons, so the observation fits.

Ed Chu explained that the standard operating procedure (SOP) is to form an exploratory group to work with EPA to develop a draft proposal, and many of the questions in the draft charge were proposed by EFAB members in the exploratory group. He urged the group to consider whether EPA should be asking the group the questions and also whether EFAB can answer them. Are these the right types of questions we ought to be asking, what expertise do you need, and can you take this on?

Margot Kane asked why loans and debt were included as permissible use of funds. **Alejandra Nunez** said it is in the statute. **Margot Kane** asked why loans were called out rather than equity investments? **Alejandra Nunez** did not know.

George Kelly said that he had raised the issue of performance-based contracting, and the group could define the term. If you don't have it, however, then what are the efficiencies of deploying the money? He said he was unclear about how it would work. For example, would EPA put out a template contract? **Alejandra Nunez** said EPA does not have the specific ideas yet and iterated that they want to hear from EFAB.

Execution, Reporting, and Accountability

Tim Profeta introduced the third and final section on implementation and oversight. A key question concerns how to quickly start up and keep the program moving.

Alejandra Nunez walked EFAB through the other two issues: requirements and governance mechanisms.

Tim Profeta added there is a balance to strike between the need for oversight of taxpayer money with desire not to make the process onerous to grantees.

Ed Chu said that under BIL funding, there will be new Environmental Finance Centers (EFCs) set up. Are there other programs under EPA that could complement this?

Ellen Tarquinio with the Water Finance Center said they will make a big announcement in a couple of weeks. Currently there are 10 Environmental Finance Centers around the country, and there is a lot of focus on environmental justice communities. Regionally-focused EFCs will look at how they can use BIL money in disadvantaged communities. In addition, there will be national EFCs focused on filling gaps.

Alejandra Nunez referred back to the issue of loans and iterated that this is an EPA grant program, and grants can be used for subgrants, loans, etc., but it won't be an EPA loan program. She also reminded EFAB of EPA's Justice40 Initiative commitments.

Gwen Yamamoto Lau asked if EFAB can assume that compliance and reporting will continue through 2031. **Alejandra Nunez** replied yes.

Kerry O'Neill asked the Board to consider forming three subgroups organized along the three major buckets discussed today. The co-chairs would meet about twice a week through mid-December and check in with the full Board at the scheduled times. She also asked the Board to consider how to organize work, and she said she will ask for agreement and for volunteers tomorrow.

Ed Chu said the Administration is asking a very important question early in the game. He said the balancing requirements means there is no black and white, and the agency wants options. He said there is a lot of work to do in the next few weeks and this is an unprecedented request for recommendations; EFAB has an opportunity to make important recommendations that will shape the program.

Tim Profeta thanked the group and said the funding presents a tremendous opportunity not just for EPA and EFAB, but for the country to make transformational change on issues we care about.

Opportunity Zones Workgroup

Margot Kane and Bill Stannard, Opportunity Zones Workgroup Co-Chairs

Note: The OZ letter is in appendix 9.

After brief opening remarks and discussion, David Zimmer moved to approve the letter with minor editorial changes, as needed. Lori Collins seconded. A vote was taken by a show of hands; the motion passed.

Pollution Prevention Workgroup

Ashley Allen Jones, Pollution Prevention Workgroup Chair

Note: The Pollution Prevention (P2) letter is appendix 10.

Workgroup members and the EPA client, Alison Kinn Bennett, made brief remarks. **Lori Collins** asked the workgroup to elaborate on the process for defining a priority business segment alluded to in the first recommendation. **Ashley Allen Jones** said that the P2 program has seven priority industries sectors so there are opportunities geographically and by sector to pull together resources and execute on programs.

Eric Hangen moved to approve the letter with minor editorial changes, as needed. Craig Holland seconded.

With a show of hands, the motion passed.

Public Comment

Note: Written public comments are in appendix 11.

Dave Harris, Colorado Clean Energy Fund

Thank you. Good afternoon, everyone. And thank you for the opportunity to speak today. My name is Dave Harris. I'm the Chief Operating Officer for the Colorado Clean Energy Fund. We are a nonprofit, climate-first organization that is set out to help the state of Colorado achieve its climate goals. We're fundamentally designed to fill the funding gaps that may be preventing clean energy projects from happening in the state. And we do this through the green bank model. I'm representing Colorado Clean Energy Fund today, but I'm also here on behalf of the American Green Bank Consortium. As some of you know, this is a collective of over 20 green banks, capital providers, developers, and other clean energy supporters who are working together to expand and accelerate the innovative, clean energy investment happening across the country. I'm here to speak directly to $27 billion dollars appropriated to the Greenhouse Gas Reduction Fund. This initiative signifies a historic moment in our country in the fight to combat climate change. The organizations within the American Green Bank Consortium, including our own Colorado Clean Energy Fund, are uniquely positioned to readily deploy the $27 billion. It's our hope that this Board will provide its recommendation to the EPA to capitalize a National Green Bank. This is an entity that will operate as a single nonprofit financial institution and will allow for many organizations to benefit from $27 billion and in turn, allow organizations like ours to mobilize and leverage a much larger pool of private capital. As Kevin to my left will share here shortly, and as he articulated in his written statement submitted to this Board on October 11, "capitalizing is single entity that is a National Green Bank is essential to meeting the stated purpose of the Greenhouse Gas Reduction Fund and is key to ensuring the rapid deployment of funds to communities across the country, in particular low-income and disadvantaged communities." While the time today won't allow for examples across the entire country, I can at least speak to a couple of shovel-ready programs here in Colorado, where funds could be applied rapidly to benefit disadvantaged communities. We've a program involving a significant number of cooperative electric utilities that will serve homeowners and renters in disadvantaged communities and provide them access to solar and other energy efficiency measures. We could readily deploy between $75 and $100 million through this program, and affordable housing, we have a number of projects queued up across the rural parts of our state, and disadvantaged, pollution-vulnerable communities and metro regions to provide for access to energy efficient equipment, and renewable energy. We can readily deploy over $50 million to those projects in the near term. We have equipment replacement programs, community solar, transportation, electrification, many other programs that are queued up, that could also apply funds quickly. These are just a small handful of examples. But there's no shortage of demand. To meet this national demand, we would again like to recommend the capitalization of a single National Green Bank to streamline the process of accessing and deploying the funds outlined in Greenhouse Gas Reduction Fund.

Kevin S. Minoli, Alston & Bird LLP
Good afternoon. And thank you, thank you for letting me sit in today; I've been the guy in the back of the room there all afternoon and early in the morning. You know, this morning, Robin Morris Collin talked about this Greenhouse Gas Reduction Fund as a transformational amount of money. And it really is; from a climate change perspective, it is going to do more to fight climate change than any other investment we've made. And from a community perspective, it has the potential—if we do it right—to bring communities forward that we have always been leaving behind over the course of the last few decades of this work. And so it can seem overwhelming and the charge questions that you heard today, there's a lot of them, and there's a number of different nuances to it. My ask is that you think about the possibility that maybe it's not as complicated as it seems like it could be. Congress laid out a pretty clear vision for how to make this work and how to do it on a faster timeframe than it would be if we did it in the same way that EPA has approached grants in the past. And that's to capitalize a single national entity, who has been obligated to spend that money and spend those resources that they're given to then spread that money around and to invest that money into other entities that can either happen, you know, from EPA, giving grants to all those entities, which will take a long time, or it can happen more rapidly if it's given to a centralized, nongovernmental institution that can be governed by the terms and conditions of the grant that can control what they do with it. And they can do that a lot more rapidly. If they are in fact, given that money at the outset. It's also important because I ask you to be open to the possibility that it's the better and more effective way to reach the communities that this money is intended to reach. You know, we've heard about the concern that a lot of low- and middle-income environmental justice communities maybe do not have the capacity to file grant applications right away. But there is going to be a number of communities that are not going to have that capacity in 18 months, when this money has to have been spent. There's a shelf-life for this money, and there's going to be a lot of communities that are still not going to be ready to file that application. And the beauty is that Congress actually recognized that when they wrote this law, and gave the power and the responsibility of this entity that's intended to be the National Green Bank, to then work with those entities that are not yet ready to invest in them before they would ever be able to submit a successful application to a federal grant program, to invest in them, to work with them, to establish them, and to give them money long before they could ever get it another way. And so there's a lot of power to this. And so it seems like giving it to one entity is going to be exclusionary, but I asked you to think about the possibility that's actually the best way to expand the pie, expand the number of people who are going to get access to this money, and to do it more rapidly than we otherwise could.

Adam Kent, Natural Resources Defense Council
Good afternoon and thanks for the opportunity to provide comments. My name is Adam Kent, and I'm the Senior Advisor in NRDC's Green Finance Center, where we focus on the critical role public and private finance can play in the shift to a greener and more prosperous and equitable economy. We've submitted more detailed comments in writing, so during this time, I'm just going to limit our comments to the first two buckets of EFAB's charge. First, in regards to program objectives, we strongly encourage EPA to prioritize low-income and disadvantaged communities and households throughout this program.

Focusing on these sectors, EPA can help accelerate investments and communities that the private market does not broadly serve. And it has the potential not only to deliver more equitable environmental and economic outcomes, but it can also fulfill key additionality, market transformation, and market creation principles. Beyond the dollars focused on the place-based low-income and disadvantaged communities, EPA should structure and award the unrestricted $12 billion portion with a priority towards low-income access. We recommend considering this $12 billion dollar pot as people-based funds following similar Justice40 and additionality principles. Finally, EPA should prioritize community engagement and outreach in both the development of the application and in the awarding of the funds. In our written comments, we've provided some potential routes for EPA to consider. Ultimately, any awardee should demonstrate a proven track record and commitment to working alongside low-income and disadvantaged communities, as well as environmental and energy justice organizations. In regard to the second charge around program structure, when thinking about funds structuring, eligible recipients, and projects, we encourage EPA to consider four key deployment objectives: speed, equity, flexibility, and collaboration. To meet those objectives, the funds should primarily route clean energy investments through existing mission-driven institutions and platforms. These entities should have a demonstrated track record of successfully deploying capital in low-income and disadvantaged communities, either directly or through their networks. These institutions and platforms such as CDFIs, housing finance authorities (HFAs), public housing authorities (PHAs), established green banks, as well as associations of community-based lenders can all deploy capital quickly to projects in areas that have thus far been overlooked in our country's clean energy transition. With access to fund capital and technical assistance, lenders can adjust and complement existing loan products and significantly leverage outside private capital. EPA should define clear impact standards and metrics for awardees, and awardees should prioritize meaningful improvements to the lived experience of marginalized and disadvantaged communities through their investments. Also, EPA should afford flexibility to established institutions regarding how financing products are designed, how customers are solicited, and how funds are ultimately deployed in projects and technology. Finally, EPA should encourage established institutions to partner and collaborate on applications. The Greenhouse Gas Reduction Fund will be most successful in accelerating on equitable, clean energy transformation if institutions with diverse sets of expertise, geographic focus, and sector experience can work together to efficiently and equitably deploy capital. Thanks so much for your time and consideration.

Gregory M. Baird, Aging Water Infrastructure

Okay, thank you so much. And I hope everybody can really recognize your time, resources, and expertise on the EFAB panel. You're looking for solutions for very, very complex issues. There's not always a right answer. I serve on a number of committees, American Water Works Association, Water Environment Federation, American Public Works Association, American Society of Civil Engineers, and the Government Finance Officers Association. And I've seen a lot of obstacles of good utility management and cost efficiencies, especially when they focus on, say, water and sewer utilities. Now, EFAB, as an advisory committee, has the ability to be able to address some of the statutory obstacles that are very limiting for a lot of the EJ and Justice40 programs. Utilities face many financial obstacles, many of which are the operational expenditure (OpEx) operations and maintenance side of the budget. The EPA is funding most of the time is only focused on capital expenditure (CapEx) the brick-and-mortar capital projects. So here we're dealing with the 50-year-old Clean Water Act, but we're over 20-year-old Treasury legacy wording of construction of publicly owned treatment plants and other things that are really hampering some of the drinking water and the clean water SRF funding. So, first of all, I would like to say, can the EPA and State Revolving Funds broadly be applied to, say, statistical analysis system (SAS) type of products, many of which are directly tied to immediate capital projects, but digital technologies must be funded and applied to address aging infrastructure, workforce issues, sustainability, and affordability issues. So some of that old legacy language in the statutes is really hindering our ability to be able to leverage artificial intelligence, machine learning, digital twins, and many capital platforms that are packaged as annual subscriptions, that are really requiring OpEx, that operating budget planning and approvals. And I'm seeing a higher cost for utilities, by 20% to 30%, of having something that could be easily done as a SAS program that now needs to get put in as a capital project. And the very small utilities, they don't even have that capacity. So, it influences capacity building, as well as increasing cost by always trying to turn everything into a brick-and-mortar capital project. So that's why I do not see that we're really able to push out and address effectively some of this funding down to the very small field crews where we have some of these different technologies that they could apply. When I was a chief financial officer (CFO) for Colorado's third largest water utility—water sewer, storm—I found that it was actually easier to do a capital project versus an operational budget because there was something else that needed to get into that line to be able to justify that money. Some of the other comments that I had is building capacity by adding FTE is focused in these different areas, as well as even a regional water sewer shed co-ops to be able to have another mechanism for states to be able to get groups together to be able to share some of their knowledge and information. So, I do have a number of different comments, but that's just really at a high level is I would plead with the EFAB to be able to make a recommendation to change some of that statutory language to allow O&M money and technology funding to be able to get and help some of these low-income communities and smaller utilities that we are focused on. Thank you.

Adjourn

Ed Chu adjourned the meeting.

Day 2

Welcome and Member Roll Call

Ed Chu opened the meeting and welcomed members back.

Kerry O'Neill conducted the roll call and reviewed the agenda.

Roll Call

Albert Cho, present
Angela Montoya Bricmont, present
Ashley Allen Jones, present
Barry Hersh, not present
Colleen Kokas, not present
Courtney L. Black, present
Craig A. Hrinkevich, present
Craig Holland, present
Cynthia Koehler, present
David L. Wegner, present
David Zimmer, present
Dennis A. Randolph, present
Edward Henifin, not present
Eric Hangen, present
Eric Rothstein, present
George W. Kelly, present
Gwen Yamamoto Lau, present
Gwendolyn Keyes Fleming, present
Janet Clements, present
Jeffrey R. Diehl, present
Joanne V. Landau, present
Lawrence Lujan, present
Lori Collins, present
Margot Kane, present
Marilyn Waite, present
MaryAnna H. Peavey, present
Matthew T. Brown, present
Phyllis R. Garcia, present
Sanjiv Sinha, present
Sonja B. Favors, present
Stacy Brown, present
Steven J. Bonafonte, present
Theodore Chapman, present
Thomas Karol, present
William Stannard, present
Zachary Davidson, not present

Kerry O'Neill said goals for the day were to vote on charges and form three workgroups. **Ed Chu** added that there will be permission to proceed with work. As a matter of process, charge questions have evolved as working groups have delved into them, and the Board has accepted this as a practice.

Kerry O'Neill said the workgroups will meet weekly and may have questions for the full Board or recommended modifications to the charge to propose at the November 17 meeting. The second meeting will be December 1, with the final product for this phase ready for the full Board's review on Dec. 15.

GHGRF Charge Vote

Note: The approved charge is in appendix 12.

Eric Hangen amended a statement he made yesterday about item B3, program structure; he said he likes the wording. Regarding B2, he asked whether literature reviews and case studies could inform all the elements. **Kerry O'Neill** said yes, research is requested throughout.

Ed Chu said support will be available as needed so that workgroups can get the work done. He mentioned P2's workgroup model for bringing in outside experts, and he noted that Alejandra Nunez and Tim Profeta will be closely engaged.

Stacy Brown asked for clarification on whether projects that would assist small businesses in upgrades needed to abate hazardous air pollution could be considered an eligible project under the charge. **Alejandra Nunez** said the definition of qualified projects is very broad, and she pointed to pollutants identified in Section 108 of the Clean Air Act. She noted that the language refers to GHG and other pollution; disadvantaged communities are overburdened by both.

Ed Chu asked for clarification about whether the relationship between GHG and other pollutants is an "and" or an "or." **Alejandra Nunez** said it's about GHG and other pollutants.

George Kelly asked whether the questions should be analyzed according to the separate funding streams. **Tim Profeta** thought that might be the best approach, although he recommended avoiding a "stovepipe" approach that might prevent seeing potential relationships among them. **Kerry O'Neill** suggested adding a clarification sentence at the end of the second paragraph, so the Board is clear about what it is voting on, and **Ed Chu** invited George Kelly to draft a sentence to add.

Sanjiv Sinha observed that the 18-month timeframe results in an average distribution rate of $15 million per day. He said most politicians speak about it as an upcoming national green bank. He asked if the Board should focus on the green bank potential and asked how EPA feels about that focus.

In the chat, **Marilyn Waite** wrote: "Yes, and that's nothing if we can get it going through our community focused depository institutions, including credit unions and new fintechs."

Alejandra Nunez said EPA doesn't have a specific way of implementing in mind; that's what they're seeking guidance on. **Tim Profeta** said EPA is asking for the best counsel with pros and cons on how EPA should proceed.

Marilyn Waite said that indirect recipients can include depository institution. She said the U.S. credit union capacity is about $2 trillion, community banks $4 trillion, and minority depository institutions $300 billion, so the amount is peanuts when compared to capacity of community-focused lenders.

Craig Holland suggested amending the approach section to include potential beneficiaries in roundtables and to compensate people for their time. **Ed Chu** said he would take that comment back to EPA.

Jeff Diehl asked whether "commitment of funds" meant a commitment from EPA to recipients, or commitment by recipients to projects. **Alejandra Nunez** said it means funds are available for EPA to award by that date. **Jeff Diehl** said, then, it refers to a commitment from EPA to recipients. He said part of the consideration would then be how would those funds be drawn down by recipients.

Angela Bricmont asked EPA what their ideal deliverable would be. **Alejandra Nunez** said they would like options with pros and cons, an analysis of options. She said, given that there are only two months, they'd like to make the deliverable doable. EPA is not looking for a large written report. **Kerry O'Neill** clarified that EPA is not looking for the program design, but for input so EPA can design the program.

Craig Hrinkevich asked for guidance about administrative costs: Are monies supposed to come back to direct and indirect recipients? Is it a revolving fund, or a "one and done"?

Tim Profeta said the language is instructions for the grantee on how they should use the funds, and it refers to continued operability. **Alejandra Nunez** said it also depends on how financial assistance is defined - grants vs. loans, for example.

Craig Hrinkevich asked whether, in the draft charge, 1B (program efficiency) and 2A (eligible recipients) should be switched for the purposes of the workgroup tasks. **Alejandra Nunez** said this is an area where there are common elements. **Kerry O'Neill** said there is overlap on all three, so workgroup leaders would coordinate weekly to address overlapping issues.

Referring to the "Approach" section, **Ashley Allen Jones** said that the first step would be a comprehensive literature review. About convening groups, she said it had been suggested EFAB talk to organizations that give grants or loans. The next level would be talking to potential recipients. She asked if they have time and capacity for that work. There is a range of incentives to get people at the table, and perhaps they could talk to people who have done those types of convenings already. She also asked for clarity on whether the scope is the whole country or specific tracts. She said clarifications on the approach will help ensure the workgroups are not spread too wide in a limited time. **Ed Chu** said workgroups will determine their scope as a part of the workgroup process.

Ashley Allen Jones clarified that she was the one who had added specific focus to the approach. Her intent was not to exclude other groups, but to strategically offer EPA what they don't necessarily already have. She didn't want it to appear that they would only talk to private equity people. **Eric Hangen** said starting with a literature review is a great idea. A lot of research has been done with beneficiary groups and there is a treasure trove of conversations to access. He said he would like to broaden the language in the approach.

Kerry O'Neill asked if the current language is okay or whether it should be amended. **Eric Hangen** suggested amending it. **Ed Chu** suggested those who wanted edits could draft them during the break.

Regarding the literature review, **Marilyn Waite** cautioned against anchoring bias, since there will be a lot more literature on CDFIs than on minority depository institutions (MDIs).

After the break, **Alejandra Nunez** walked the group through the edits. A sentence was added to the preamble acknowledging the possibility that feedback on the charge questions may need to be differentiated according to funding stream. At end of document, the group proposed draft language for the approach. Several edits were suggested until the group agreed on language.

Lori Collins moved to approve the charge; **Jeff Diehl** suggested a process that allowed workgroups to address questions as they see fit. **Craig Holland** seconded Jeff's motion.

Following a voice vote, **Kerry O'Neill** said motion passed.

Kerry O'Neill called for volunteers to engage in each of three groups; she was looking for a maximum of five members for each group who can commit to multiple engagements each week. After members stated their preferences, **Kerry O'Neill** said she will work with Ed Chu to get back to group with their assignments and discuss leadership so groups can get going at once.

Alejandra Nunez said EPA will be very intentional about engaging with communities.

Proposed Water Charges for Board Consideration

Bruno Pigott, EPA Office of Water Deputy Assistant Administrator
With Michael Deane, EPA Clean Water SRF Chief, Raffael Stein, EPA Water Infrastructure Division Director, Ellen Tarquinio, EPA Water Infrastructure and Resilience Finance Center Acting Chief, and Joshua Amaris, EPA Clean Water SRF

Note: The proposed charges are in appendix 13.

Bruno Pigottt said the BIL is an unprecedented opportunity to support communities around the country with drinking water, wastewater, and stormwater infrastructure, and they are working hard to make funding available in an equitable way. He said that currently they are conducting outreach and engagement with SRF partners and are seeing initial BIL capitalization grant awards. Michael Deane and Raffael Stein are providing oversight guidance for reviewing intended use plans (IUPs) to ensure that disadvantaged communities are not left out. They are proving trainings to states and regions and setting up workgroups to establish best practices. He said EPA is trying to think of TA in a new way and is piloting an intensive approach to providing direct TA through a Community Solutions team. Finally, he said, EFC grants will be supercharged by the new funding.

Bruno Pigott reviewed the nine charges proposed by the Office of Water. Proposed charges 1–3 focus on the SRF program. The first is the use of SRF additional subsidies to target assistance to neighborhoods or households in need. This charge involves mechanisms for ensuring services for neighborhoods or households experiencing financial hardship from increased rates needed to fund infrastructure projects.

The second proposed charge is effective use of water infrastructure investment. Bruno Pigott said EPA is asking EFAB to research and make recommendations about the current suite of metrics that exist and an analysis on conducting fiduciary oversight and whether there are other ways to analyze or gauge whether a program is meeting that requirement. The third proposed charge is improving the efficiency of implementing EPA funding. A letter sent to Administrator Reagan asked EPA to work with states to make the process of getting funding from EPA to a community more efficient. EPA is asking EFAB to research challenges communities experience in receiving EPA funding as well as ways to address those challenges. EFAB could also propose ways to recognize states that make improvements in reaching historically underserved communities, such as an awards program, or some other way to spur the competition.

Proposed charges 4 and 5 concern TA as a driver in protecting water quality, providing clean water, and protecting public health. Bruno Pigott said these charges will help communities get the TA they need to be able to take advantage of monies available through BIL funding. He said they are looking to build long-term capacity for EPA to provide TA. Proposed charge 5 concerns households with decentralized systems to be able to maintain their system after installation. EPA hopes EFAB can advise on homeowner maintenance ideas.

Proposed charges 6–8 are on affordability. Bruno Pigott said proposed charge 6 is on effective customer assistance programs for communities that are paying back loans. Proposed charge 7 asks for EFAB strategies to help EPA develop a needs assessment survey on customer assistance programs that work. Proposed charge 8 deals with rate structuring to mitigate the impact of rate hikes due to infrastructure projects.

The final proposed charge concerns municipal bond indebtedness. Bruno Pigott said that many communities are burdened with paying for environmental debt. Small communities in particular may have to incur debt to pay for environmental mandates. EPA seeks EFAB guidance on finance mechanisms that could ease the burden for smaller communities.

Kerry O'Neill invited questions from the Board.

Albert Cho asked, of the 9, which are of greatest interest to EPA? In the view of EPA leadership, which would have the greatest impact if solved? **Bruno Pigott** replied he is mostly interested in the questions relating to TA. **Michael Deane** highlighted those addressing needs for decentralized communities. **Raffael Stein** said he would like to do something transformational in water space with BIL funding. **Ellen Tarquinio** named charges relating to affordability programs, customer assistance, and also proposed charge 7. **Joshua Amaris** said he was most interested in proposed charges 1 and 2.

Cynthia Koehler said that the non-governmental organization (NGO) community is thinking of these same questions. She said some of these charges could be explored together, such as the TA piece and affordability. She suggested that EFAB together with EPA can think about an opportunity to tackle a few of these together. **Ed Chu** said that, per the standard process, an exploratory workgroup will work with EPA to discuss priorities, as well as combining issues. The exploratory group will deliberate on charge questions and propose final charge questions to the Board.

David Zimmer asked whether TA components included issues such as governance, management, and finance. **Bruno Pigott** said yes, communities need holistic TA.

Bill Stannard said a key element of the Wastewater Construction Grant Program was ensuring that user charge systems adequately funded maintenance well into the future. Also, regarding affordability, he mentioned the Low-Income Household Water Assistance Program (LIHWAP) and wondered if that would be a part of the analysis. **Ellen Tarquinio** said EPA has worked with the Department of Health and Human Services (HHS) and talked with them about challenges. It wasn't explicitly listed but if It should be part of another charge, the exploratory committee could add it. HHS could be brought into the discussion. In addition to LIHWAP, there are many other programs to consider.

Raffael Stein said there is interest in Congress in creating a permanent program for EPA, and EPA will come to the Board if that ever comes about, but in the meantime, EPA has immediate concerns.

Regarding TA, **David Zimmer** said a lot of people go right to engineering, but we see a need for TA well before that point. The proposed charge needs to be able to include community education, outreach, and planning. He said we need to think broad. Regarding proposed charge 1, he said one way his state puts aside money for TA to disadvantaged communities is through collecting fees beyond what they can collect from administering the SRF. These can add up to significant monies that can be used to support communities.

Eric Rothstein offered support for any charge that has to do with affordability. He suggested that there is an opportunity to rethink what we mean by water service. He said we think of it as drops of water through water meters; we don't define it for purposes of cost service analysis or in terms of protecting public health. A discussion of any of the affordability issues would benefit from rethinking our freedom to act in support of low-income customers.

On proposed charge 7, **Ted Chapman** said there used to be a regular needs assessment about every four years for drinking water; will this be apart from the regular needs assessment? **Ellen Tarquinio** said it would be separate; she added that it is currently authorized but not appropriated, so we wouldn't want to move forward before it is funded.

Dave Wegner noted that the first paragraph of the charge proposal mentioned the Water Infrastructure Finance and Innovation Act (WIFIA) and asked if it could be brought into the proposed charges. **Joshua Amaris** said yes, EPA is open to hearing about that. **Dave Wegner** then raised the issue of synergies, such as with Indian Health Services, and asked if EFAB should assume they should try to leverage BIL funds with other programs to achieve TA goals, in particular. **Ellen Tarquinio** said yes, and the exploratory workgroup could look into leveraging other agencies and funding pots. **Dave Wegner** said that disenfranchised communities are not always urban, and he noted the requirements associated with Indian water settlements and how water is used on reservations and pueblos as defined by Congress. He said we should not ignore this disenfranchised part of water distribution culture.

Given the urgency of the GHGRF charge, **Kerry O'Neill** suggested the formation of an exploratory workgroup could discuss key issues and report outs at the meeting planned for early 2023. She asked if the Board felt comfortable with this.

Albert Cho asked when EPA expected deliverables on the charge. **Ellen Tarquinio** said they are open to different kinds of products and approaches, and there are no hard deliverables or timelines. They are open to deliverables such as webinars and to integrative deliverables.

Bill Stannard moved to establish an exploratory workgroup; **Angela Bricmont** seconded.

The Board voted in favor.

Kerry O'Neill called for volunteers, and many members indicated interest. **Ed Chu** recommended that he and Kerry O'Neill discuss to make sure the workgroup doesn't exceed quorum and recommended a smaller exploratory group.

Ellen Tarquinio thanked EFAB for voting to form an exploratory workgroup and said it will be very valuable to EPA.

EFAB Chair's Corner

Kerry O’Neill, EFAB Chair

Kerry O'Neill reviewed with the Board the interest areas mentioned at the spring meeting. These were:

- Community capacity building models given unprecedented funding levels;

- Environmental risk and cost of capital/Environmental, Social, and Governance (ESG);
- Farm, Ranch, and Rural Communities Federal Advisory Committee (FRRCC);
- Water affordability;
- Expanding SRF capacity; and,
- Lead service line replacement.

Kerry O'Neill said that community capacity building is being explored as a part of the water charge proposal and the GHGRF.

Dennis Randolph said the two new charges just voted on will cover a couple years. **Ed Chu** said that these were indeed ideas mentioned before the two new charges.

Ashley Allen Jones said the issue of TA was too important to drop off the list entirely. **Ed Chu** said it's important when the Board identifies gaps rather than have EPA drive all the Board's efforts. **Craig Holland** said it is difficult to move a charge forward without an EPA client and the approach has not had a lot of success in the past. **Kerry O'Neill** said they will keep it on the list and stay alert for a potential EPA client.

Dave Wegner asked Craig Holland if his experience was that they should have found an EPA client before moving forward. **Craig Holland** said yes, because the agency was not ready to receive the recommendations and didn't have people or processes in place to use the information.

Ed Chu reminded members of the SOP the received as a part of their onboarding materials that explains how EFAB would work on new charges.

Kerry O'Neill moved the discussion to environmental risk and cost of capital, which has not found an internal client. Ted Chapman said the issue is hard to define, and perhaps it can be taken up later.

Regarding the **Farm, Ranch, and Rural Communities** issue, Ed Chu said that Janet McCabe had encouraged EFAB to collaborate with other FACAs. **Andrew Wynne** said the opportunity was broached during the March meeting. The FRRCC advisory board was going through a membership drive and may still be getting members onboard. He suggested keeping the issue on the back burner for now.
Ed Chu said there is a ready-made client. **Kerry O'Neill** observed a lot of overlap on agriculture projects with the GHGRF charge.

Regarding water affordability, **Kerry O'Neill** said the issue is covered by new exploratory workgroup.

On expanding SRF capacity, **MaryAnna Peavey** said it could be incorporated into other charges the Board is looking at, such as charges on utilization rates. **Kerry O'Neill** said there was interest in nontraditional uses of the SRF, so maybe keep it on the list for now. **David Zimmer** cautioned about using SRF in untraditional ways. He said each state administers the program differently and there are a lot of hoops to jump through before executing dollars received.

Albert Cho referred to an earlier discussion on GHG emissions and asked if there is a role for existing revolving loan instruments to support decarbonization of water infrastructure funded by infrastructure money. Next, is there a role for sponsorship in affordability agenda? **Kerry O'Neill** said Albert Cho's second concern would be addressed by the exploratory workgroup. She asked Albert Cho to email her some notes.

Regarding the last topic of lead service line replacement. **Cynthia Koehler** recommended keeping it on the list and said a lot has changed since it was first suggested, such as dedicated funds coming out of the acts. She recommended having a briefing but not moving forward with it now.

DFO Final Thoughts

Ed Chu said they are looking into dates for an in-person meeting at the end of January at EPA. They are trying to do this because the GHGRF has a 180-day window for EPA to come up with a plan. In case the December 15 deadline slips, they want to reserve time in January so the Board can approve recommendations or approve them in parts.

He repeated the dates of the upcoming virtual meetings:

November 17 1–3 pm Eastern
December 1 1–3 pm Eastern
December 15 1–5 Eastern

Kerry O'Neill said the January meeting would be a time for the water exploratory workgroup to check in.

Ted Chapman asked if the White House Environmental Justice Advisory Committee's (WHEJAC) Climate Resilience Workgroup could report out at the January meeting. **Ed Chu** said yes, as well as a lead pipe briefing and an update on SRF.

Public Comment

Note: Written public comments are in appendix 11.

There were two registered commenters for the day, but only one was present.

Andrew Kessler, president, New York Green Bank

Good afternoon. I'm Andrew Kessler, president of New York Green Bank. And thank you so much for the opportunity to comment today. The New York Green Bank is a billion-dollar New York state sponsored Investment Fund. We operate as a division of the New York State Energy Research and Development Authority, NYSERDA, and we're the largest Green Bank in the United States. Our mission is to work with the private sector to transform financing markets in ways that accelerate clean energy investments on an equitable basis and in support of New York state's climate goals. Since we opened for business in 2013, we have advanced this mission by making $1.8 billion of investments in more than 100 transactions and asset classes that are critical to the clean energy transition. Our team works every day to make investments that are market-based, replicable, and scalable, and then we find ways to create secondary markets for those investments. And since New York passed historic climate law in 2019, we are committed to ensuring that at least 35%, with a goal of 40% of our investments benefit disadvantaged communities across New York State. Given New York Green Bank's investment record in New York, we welcome the EPA's Greenhouse Gas Reduction Fund as a historic opportunity to further accelerate clean energy investments across the United States. We also welcome the Greenhouse Gas Fund's emphasis on low-income and disadvantaged communities, which is directly in line with our commitment to support these communities across New York state. And finally, we welcome and strongly support the Environmental Financial Advisory Board's proposed charge to the exploratory workgroup for the Greenhouse Gas Fund. We encourage EPA, EFAB, and the workgroup to run a transparent, consultative process that solicits feedback on the design and the implementation of the fund from the broader stakeholder community. As a general principle, we encourage competitive allocation methodologies that are designed to identify recipients that can mobilize capital at scale, especially in low-income and disadvantaged communities. Such recipients should have a demonstrated ability to leverage private-sector capital and access secondary markets. Finally, they should have strong internal controls and compliance programs to ensure responsible stewardship of public funds. For the zero-admission technologies fund, it will be critical to have a reallocation mechanism that ensures that funds are not left unused, but instead can be reallocated to other recipients who are able to maximize the use of these funds. We would also suggest that the fund's compliance requirements can avoid undue administrative burdens on recipients, while still of course ensuring robust oversight and protection of public dollars. In particular, we suggest that the states that already have established criteria for disadvantaged communities be able to use such criteria to satisfy EPA requirements. We look forward to receiving further guidance in the weeks ahead from the EPA, EFAB, and the workgroup. We stand ready to engage collaboratively with all market actors to advance this effort. In the meantime, we thank EPA leadership and staff as well as EFAB and the workgroup for their important work ahead on making the Greenhouse Gas Fund a success. Thank you very much for the opportunity to make these remarks.

Adjourn

Ed Chu adjourned the meeting.

Appendix 1. Federal Register Announcement

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Federal Register / Vol. 87, No. 189 / Friday, September 30, 2022 / Notices 59415

to a collection of information unless it displays a currently valid OMB control number.

DATES: Additional comments may be submitted on or before October 31, 2022.

ADDRESSES: Submit your comments, referencing Docket ID No. EPA–HQ–OLEM–2018–0767, online using *www.regulations.gov* (our preferred method), or by mail to: RCRA Docket (2822T), U.S. Environmental Protection Agency, 1200 Pennsylvania Avenue NW, Washington, DC 20460. The EPA's policy is that all comments received will be included in the public docket without change, including any personal information provided, unless the comment includes profanity, threats, information claimed to be Confidential Business Information (CBI), or other information whose disclosure is restricted by statute.

Submit written comments and recommendations to OMB for the proposed information collection within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function.

FOR FURTHER INFORMATION CONTACT: Craig Dufficy, Materials Recovery and Waste Management Division, Office of Resource Conservation and Recovery, Mail Code 5304T, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460; telephone number: (202) 566–0537; fax number: (202) 250–8572; email address: *dufficy.craig@epa.gov.*

SUPPLEMENTARY INFORMATION: Supporting documents, which explain in detail the information that the EPA will be collecting, are available in the public docket for this ICR. The docket can be viewed online at *www.regulations.gov.* Materials can also be viewed at the Reading Room located at the EPA Docket Center, WJC West Building, Room 3334, 1301 Constitution Avenue NW, Washington, DC 20004. The Docket Center's hours of operations are 8:30 a.m.–4:30 p.m., Monday–Friday (except Federal Holidays). The telephone number for the Docket Center is 202–566–1744.

Abstract: In order to effectively implement and enforce final changes to 40 CFR part 258 on a State level, owners/operators of municipal solid waste landfills have to comply with the final reporting and recordkeeping requirements. Respondents include owners or operators of new municipal solid waste landfills (MSWLFs), existing MSWLFs, and lateral expansions of existing MSWLFs. The respondents, in complying with 40 CFR part 258, are required to record information in the facility operating record, pursuant to § 258.29, as it becomes available. The operating record must be supplied to the State as requested until the end of the post-closure care period of the MSWLF. The information collected will be used by the State Director to confirm owner or operator compliance with the regulations under Part 258. These owners or operators could include Federal, State, and local governments, and private waste management companies. Facilities in NAICS codes 9221, 5622, 3252, 3251 and 3253 may be affected by this rule.

Form Numbers: None.

Respondents/affected entities: Recordkeeping and Reporting—Solid Waste Disposal Facilities and Practices.

Respondent's obligation to respond: The respondents, in complying with 40 CFR part 258, are required to record information in the facility operating record, pursuant to § 258.29, as it becomes available.

Estimated number of respondents: 3,800.

Frequency of response: On occasion.

Total estimated burden: 211,262 hours (per year). Burden is defined at 5 CFR 1320.03(b).

Total estimated cost: $17,286,006 (per year), which includes $15,075,153 in annualized labor and $2,210,853 in annualized capital or operation & maintenance costs.

Changes in the Estimates: There is an increase of 25,819 hours in the total estimated burden currently identified in the OMB Inventory of Approved ICR Burdens. On this ICR, one-time burdens from the cumulative reporting requirements of the Research, Development & Demonstration rule under 40 CFR part 258.4.

Courtney Kerwin,
Director, Regulatory Support Division.

[FR Doc. 2022–21238 Filed 9–29–22; 8:45 am]

BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY

[FRL–10233–01–OW]

Notice of Public Meeting of the Environmental Financial Advisory Board (EFAB) With Webcast

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice of public EFAB meeting.

SUMMARY: The Environmental Protection Agency (EPA) announces a public meeting with a webcast of the Environmental Financial Advisory Board (EFAB). The meeting will be shared in real-time via webcast and public comments may be provided in writing in advance or virtually via webcast. Please see **SUPPLEMENTARY INFORMATION** for further details. The purpose of the meeting will be for the EFAB to provide workgroup updates and work products, consider possible future advisory topics, and receive updates on EPA activities. The meeting will be conducted in a hybrid format of in-person and virtual via webcast.

DATES: The meeting will be held on October 18, 2022, from 9 a.m. to 4 p.m. Mountain Time and October 19, 2022, from 9 a.m. to 4 p.m. Mountain Time.

ADDRESSES:

In-Person: Hyatt Regency Denver Tech Center, 7800 East Tufts Avenue, Denver, CO 80237.

Webcast: Information to access the webcast will be provided upon registration in advance of the meeting.

FOR FURTHER INFORMATION CONTACT: Any member of the public who wants information about the meeting may contact Tara Johnson via telephone/voicemail at (202) 564–6186 or email to *efab@epa.gov.* General information concerning the EFAB is available at *www.epa.gov/waterfinancecenter/efab.*

SUPPLEMENTARY INFORMATION:

Background: The EFAB is an EPA advisory committee chartered under the Federal Advisory Committee Act (FACA), 5 U.S.C. App. 2, to provide advice and recommendations to EPA on innovative approaches to funding environmental programs, projects, and activities. Administrative support for the EFAB is provided by the Water Infrastructure and Resiliency Finance Center within EPA's Office of Water. Pursuant to FACA and EPA policy, notice is hereby given that the EFAB will hold a public meeting with a webcast for the following purposes:

(1) Provide workgroup updates and work products;

(2) Discuss potential future EFAB charges; and

(3) Receive briefings on environmental finance topics from invited speakers from EPA.

Registration for the Meeting: To register for the meeting, please visit *www.epa.gov/waterfinancecenter/efab#meeting.* Interested persons who wish to attend the meeting must register by October 6, 2022, to attend in person or by October 13, 2022, to attend via webcast. Pre-registration is strongly encouraged. In the event the in-person

Appendix 2. Agenda

U.S. Environmental Protection Agency
Environmental Financial Advisory Board
Draft Agenda

Public Meeting
Hyatt Regency Denver Tech Center
and Virtual Platform

October 18-19, 2022
9:00-4:00 pm Mountain Time

Day One – October 18

9:00 am	**WELCOME, MEMBER ROLL CALL, AND REVIEW OF AGENDA** • Edward H. Chu, EFAB Designated Federal Officer • Kerry O'Neill, EFAB Chair
9:30 am	**EPA REGION 8 WELCOME*** • KC Becker, EPA Region 8 Regional Administrator
10:00 am	**DFO NEWS** • Edward H. Chu, EFAB Designated Federal Officer
10:30 am	**EPA OFFICE OF ENVIRONMENTAL JUSTICE AND EXTERNAL CIVIL RIGHTS*** • Marianne Engelman-Lado, OEJECR Acting Principal Deputy Assistant Administrator • Robin Morris Collin, Senior Advisor to the Administrator for Environmental Justice
11:15 am	**EPA SENIOR MANAGEMENT UPDATE*** • Zealan Hoover, Senior Advisor to the EPA Administrator
12:00 pm	**LUNCH ON YOUR OWN**
1:00 pm	**GREENHOUSE GAS REDUCTION FUND (GHGRF) PROPOSED CHARGE*** • Alejandra Nunez and Timothy Profeta, EPA Office of Air and Radiation
2:45 pm	**BREAK**
3:00 pm	**OPPORTUNITY ZONES WORKGROUP** • Margot Kane and Bill Stannard, Opportunity Zones Workgroup Co-Chairs
3:15 pm	**POLLUTION PREVENTION WORKGROUP** • Ashley Allen Jones, Pollution Prevention Workgroup Chair
3:45 pm	**PUBLIC COMMENT** • Registered Speakers
4:00 pm	**ADJOURN**

*Discussion and Q&A with the Board will take place after each presentation

Day Two – October 19

9:00 am	**WELCOME & MEMBER ROLL CALL** • Edward H. Chu, EFAB Designated Federal Officer
9:30 am	**GHGRF CHARGE DISCUSSION AND VOTE**
12:00 pm	**LUNCH ON YOUR OWN**
1:00 pm	**PROPOSED WATER CHARGES FOR BOARD CONSIDERATION*** • Bruno Pigott, Office of Water Deputy Assistant Administrator
2:00 pm	**BREAK**
2:15 pm	**BOARD DISCUSSION ON PROPOSED WATER CHARGES**
3:15 pm	**EFAB CHAIR'S CORNER** • Kerry O'Neill, EFAB Chair
3:40 pm	**PUBLIC COMMENT** • Registered Speakers
3:55 pm	**DFO FINAL THOUGHTS** • Edward H. Chu, EFAB Designated Federal Officer
4:00 pm	**ADJOURN**

*Discussion and Q&A with the Board will take place after each guest presentation

Appendix 3. EFAB Members, 2022 Roster

Ed Chu, Designated Federal Officer
Tara Johnson, Alternate Designated Federal Officer

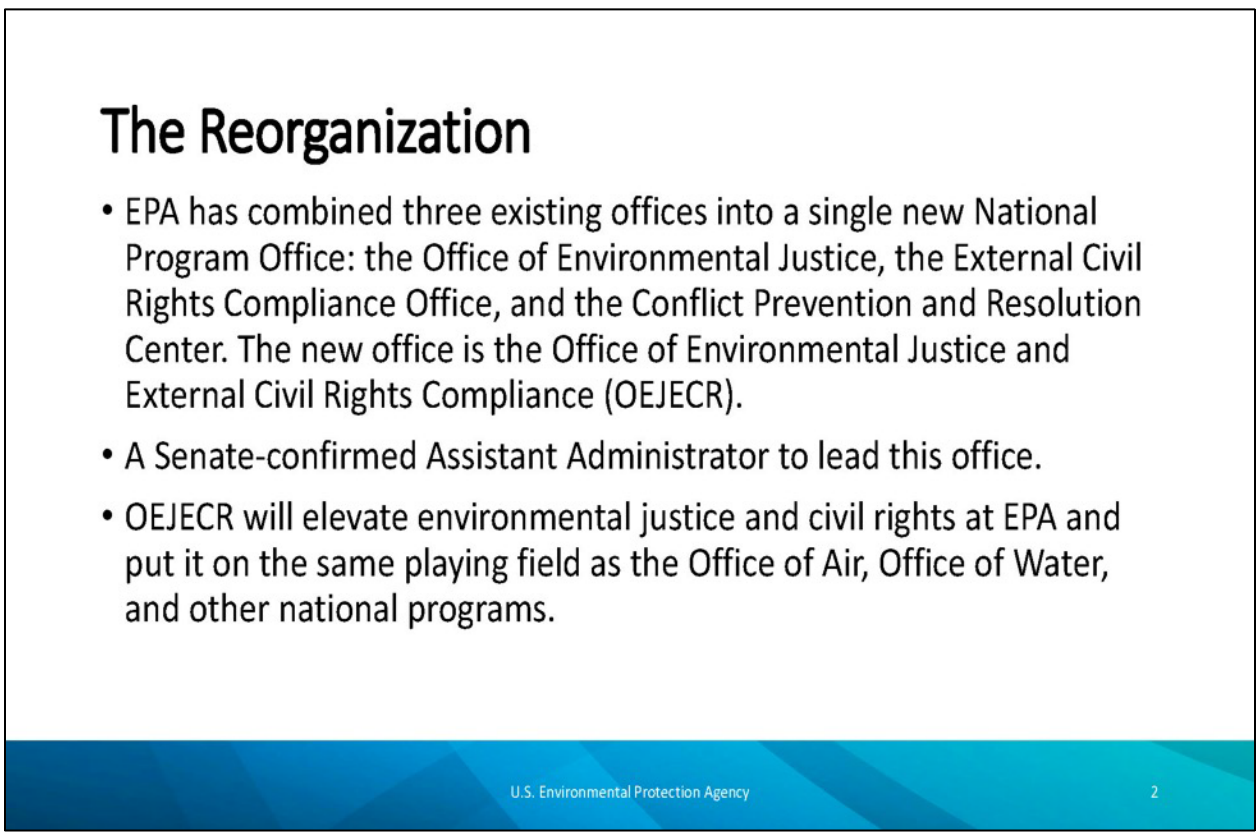
NAME	AFFILIATION	LOCATION	PERSPECTIVE REPRESENTED	CURRENT TERM	ORIGINAL APPOINTMENT DATE
Kerry O'Neill, EFAB Chair	Chief Executive Officer, Inclusive Prosperity Capital, Inc.	Stamford, Connecticut (EPA Region 1)	Environmental/ Non-governmental Organization	July 20, 2021–June 15, 2023	July 28, 2020
Ashley Allen Jones	Founder and Chief Executive Officer, i2 Capital	Washington, District of Columbia (EPA Region 3)	Business – Financial Services	June 21, 2022 – June 15, 2024	July 28, 2020
Courtney L. Black	Deputy Finance Director, City of Kent	Kent, Washington (EPA Region 10)	State/Local Government	June 21, 2022 – June 15, 2025	June 21, 2022
Steven J. Bonafonte	Assistant District Counsel, The Metropolitan District of Hartford	Hartford, Connecticut (EPA Region 1)	Legal	June 21, 2022 – June 15, 2024	July 28, 2020
Angela Montoya Bricmont	Chief Finance Officer, Denver Water	Denver, Colorado (EPA Region 8)	State/Local Government	June 21, 2022 – June 15, 2024	July 28, 2020
Matthew T. Brown	Chief Financial Officer and EVP, Finance and Procurement, District of Columbia Water and Sewer Authority	Washington, District of Columbia (EPA Region 3)	State/Local Government	June 21, 2022 – June 15, 2025	June 21, 2022
Stacy Brown	President and Chief Executive Officer, Freberg Environmental, Inc.	Denver, Colorado (EPA Region 8)	Business – Financial Services	June 21, 2022 – June 15, 2024	July 28, 2020
Theodore Chapman	Investment Banking Analyst, Hilltop Securities, Inc.	Dallas, Texas (EPA Region 6)	Business – Financial Services	July 28, 2020 – June 15, 2023	September 25, 2017
Albert Cho	Senior Vice President, Chief Strategy and Digital Officer, Xylem, Inc.	Washington, District of Columbia (EPA Region 3)	Business – Industry	June 21, 2022 – June 15, 2025	June 21, 2022
Janet Clements	President and Founder, One Water Econ	Loveland, Colorado (EPA Region 8)	Business – Industry	June 21, 2022 – June 15, 2025	June 21, 2022
Lori Collins	Owner and Principal, Collins Climate Consulting	Charlotte, North Carolina (EPA Region 4)	Business – Industry	June 21, 2022 – June 15, 2025	June 21, 2022
Zachary Davidson	Director of Underwriting, Ecosystem Investment Partners	Baltimore, Maryland (EPA Region 3)	Business – Financial Services	June 21, 2022 – June 15, 2024	July 28, 2020

NAME	AFFILIATION	LOCATION	PERSPECTIVE REPRESENTED	CURRENT TERM	ORIGINAL APPOINTMENT DATE
Jeffrey R. Diehl	Chief Executive Officer, Rhode Island Infrastructure Bank	Providence, Rhode Island (EPA Region 1)	State/Local Government	June 21, 2022 – June 15, 2024	July 28, 2020
Sonja B. Favors	Industrial Hazardous Waste Branch Chief, Alabama Department on Environmental Management	Montgomery, Alabama (EPA Region 4)	State/Local Government	June 21, 2022 – June 15, 2024	July 28, 2020
Phyllis R. Garcia	Treasurer, San Antonio Water System	San Antonio, Texas (EPA Region 6)	State/Local Government	June 21, 2022 – June 15, 2024	July 28, 2020
Eric Hangen	Senior Research Fellow, Center for Impact Finance, Carsey School of Public Policy, University of New Hampshire	Danby, Vermont (EPA Region 1)	Academic	June 21, 2022 – June 15, 2025	June 21, 2022
Edward Henifin	General Manager (retired), Hampton Roads Sanitation District	Virginia Beach, Virginia (EPA Region 3)	State/Local Government	July 28, 2020 – June 15, 2023	June 15, 2018
Barry Hersh	Clinical Professor and MSRED Chair, School of Professional Studies, New York University	New York, New York (EPA Region 2)	Academic	June 21, 2022 – June 15, 2025	June 21, 2022
Craig Holland	Senior Director of Urban Investments, The Nature Conservancy	Arlington, Virginia (EPA Region 3)	Environmental/ Non-governmental Organization	July 28, 2020 – June 15, 2023	September 25, 2017
Craig A. Hrinkevich	Public Finance Team – New Jersey Managing Director, Robert W. Baird & Company, Inc.	Red Bank, New Jersey (EPA Region 2)	Business – Financial Services	June 21, 2022 – June 15, 2024	July 28, 2020
Margot Kane	Chief Investment Officer, Spring Point Partners LLC	Philadelphia, Pennsylvania (EPA Region 3)	Business – Financial Services	June 21, 2022 – June 15, 2024	July 28, 2020
Thomas Karol	General Counsel Federal, National Association of Mutual Insurance Companies	Washington, District of Columbia (EPA Region 3)	Legal	June 21, 2022 – June 15, 2025	June 21, 2022
George W. Kelly	Global Client Strategy Officer, Earth Recovery Partners	Denver, Colorado (EPA Region 8)	Business – Financial Services	June 21, 2022 – June 15, 2024	July 28, 2020
Gwendolyn Keyes Fleming	Partner, DLA Piper LLP	Washington, District of Columbia (EPA Region 3)	Legal	June 21, 2022 – June 15, 2025	June 21, 2022

NAME	AFFILIATION	LOCATION	PERSPECTIVE REPRESENTED	CURRENT TERM	ORIGINAL APPOINTMENT DATE
Cynthia Koehler	Executive Director, WaterNow Alliance	San Francisco, California (EPA Region 9)	Environmental/ Non-governmental Organization	June 21, 2022 – June 15, 2024	July 28, 2020
Colleen Kokas	Executive Vice President, Environmental Liability Transfer, Inc.	Lahaska, Pennsylvania (EPA Region 3)	Business – Industry	June 21, 2022 – June 15, 2024	July 28, 2020
Joanne V. Landau	President and Chief Investment Officer, Kurtsam Realty Corp.	Croton-on-Hudson, New York (EPA Region 2)	Business – Industry	June 21, 2022 – June 15, 2025	June 21, 2022
Lawrence Lujan	Executive Director, Taos Public Utility Service	Taos, New Mexico (EPA Region 6)	Tribal Government	June 21, 2022 – June 15, 2025	June 21, 2022
MaryAnna H. Peavey	Grants and Loans Bureau Supervisory, Idaho Department of Environmental Quality	Boise, Idaho (EPA Region 10)	State/Local Government	June 21, 2022 – June 15, 2024	July 28, 2020
Dennis A. Randolph	City Traffic Engineer, City of Kalamazoo Public Services Department	Kalamazoo, Michigan (EPA Region 5)	State/Local Government	June 21, 2022 – June 15, 2024	July 28, 2020
Eric Rothstein	Principal, Galardi Rothstein Group	Montreat, North Carolina (EPA Region 4)	Business – Financial Services	July 28, 2020 – June 15, 2023	September 25, 2017
Sanjiv Sinha	Chief Sustainability Officer, Environmental Consulting & Technology, Inc.	Ann Arbor, Michigan (EPA Region 5)	Business – Industry	June 21, 2022 – June 15, 2025	June 21, 2022
William Stannard	Chairman of the Board, RAFTELIS	Kansas City, Missouri (EPA Region 7)	Business – Financial Services	July 28, 2020 – June 15, 2023	June 15, 2018
Marilyn Waite	Managing Director, Climate Finance Fund	Washington, District of Columbia (EPA Region 3)	Business – Financial Services	June 21, 2022 – June 15, 2025	June 21, 2022
David L. Wegner	Senior Consultant on Water, Climate Change, and Asset Risk Assessment, Water Science and Technology Board, National Academy of Sciences	Tucson, Arizona (EPA Region 9)	Business – Industry	June 21, 2022 – June 15, 2025	June 21, 2022

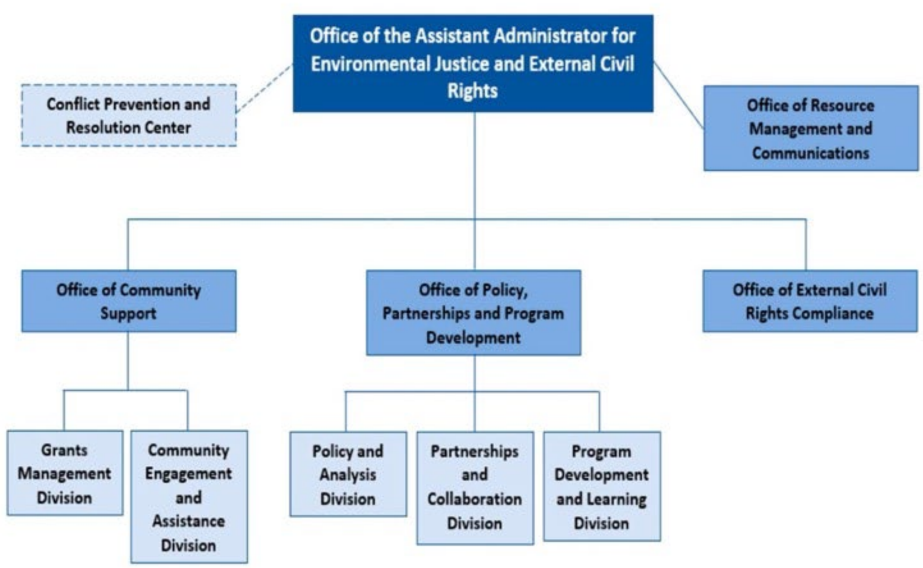
NAME	AFFILIATION	LOCATION	PERSPECTIVE REPRESENTED	CURRENT TERM	ORIGINAL APPOINTMENT DATE
Gwen Yamamoto Lau	Executive Director, Hawaii Green Infrastructure Authority	Honolulu, Hawaii (EPA Region 9)	State/Local Government	June 21, 2022 – June 15, 2025	June 21, 2022
David Zimmer	Executive Director, New Jersey Infrastructure Bank	Lawrenceville, New Jersey (EPA Region 2)	State/Local Government	July 28, 2020 – June 15, 2023	June 15, 2018

Appendix 4. Office of Environmental Justice and External Civil Rights Briefing



The Why

- EPA needs high-level, coordinated, and consistent leadership on environmental justice and civil rights to transform how EPA understands and implements its work—how it prioritizes program resources, allocates funding, implements statutory authorities, and engages communities.
- OEJECR will be laser-focused on making sure all relevant agency programs, policies, and regional activities reflect a renewed focus on environmental justice and external civil rights.
- The Assistant Administrator (AA) of the new NPM will serve at the same level as the other AAs and will facilitate critical, peer-to-peer discussions about changing the way EPA does its work.



Staffing Highlights

Environmental Justice

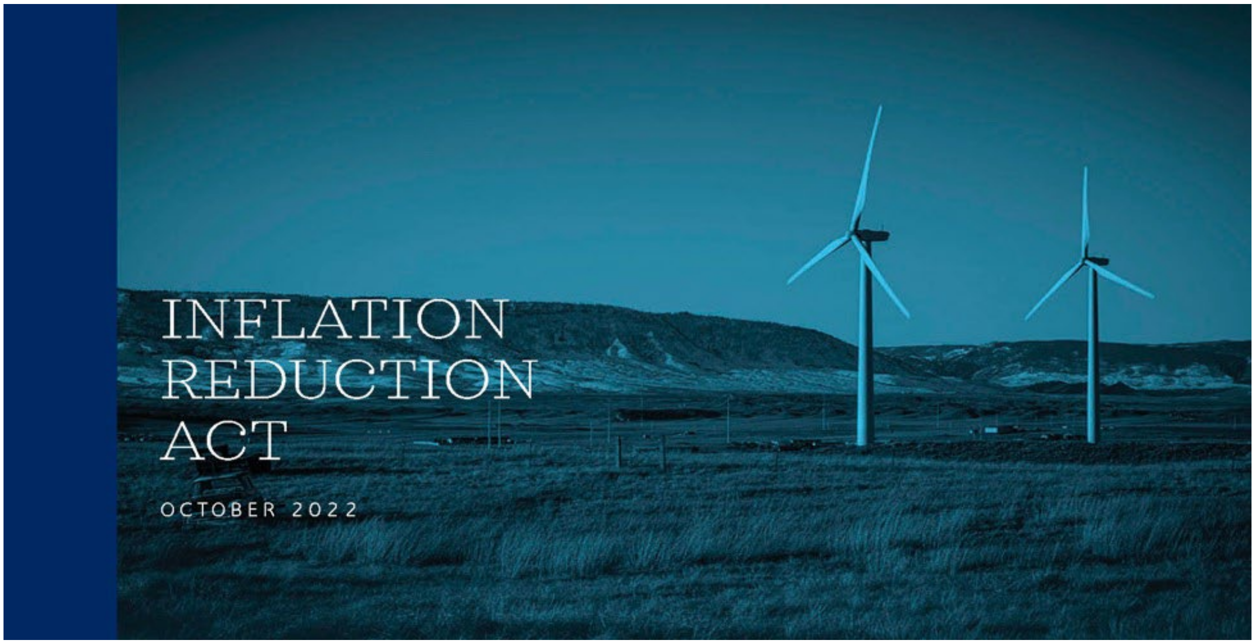
- In FY2021, EPA supported 36 FTE in the EJ Program. With the $100M appropriation for FY2022, EPA will support **206 FTE** in the EJ Program—an increase of 170 FTE.
  - 84 FTE in the HQ environmental justice program.
  - 12 FTE for dedicated EJ staff in other HQ offices and national programs.
  - 110 FTE for EJ staff across the ten EPA regions (an increase from 13 FTE).

External Civil Rights Enforcement and Conflict Prevention

- With FY2022 appropriations, EPA is supporting 18 FTE for the External Civil Rights Compliance Office.
- With FY2022 appropriations, EPA is supporting 5 FTE for the Conflict Prevention and Resolution Center.

Total FTE in HQ and the Regions: 229

Appendix 5. Inflation Reduction Act Slides



EPA

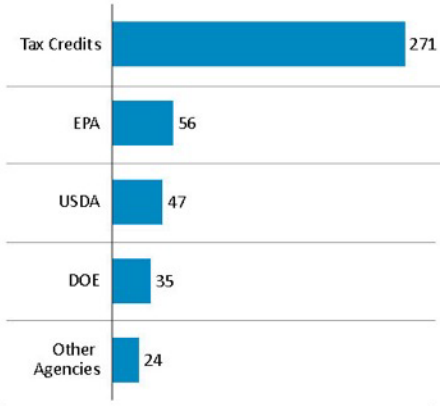
OVERVIEW

- **The Inflation Reduction Act (IRA) makes historic investments in climate action** that are expected to reduce U.S. emissions ~40% by 2030 while supporting disadvantaged communities and the clean energy industrial base.
- **IRA investments will drive significant emissions reductions** over the next decade while also laying the groundwork for long-term decarbonization in hard-to-abate sectors.
- **EPA will play a major role in delivering these programs.** The Agency received $41.5 billion in appropriated funds and expects to receive an additional $11.7 billion in future revenue from reinstating the Superfund Tax on oil and gas production.

2

BREAKDOWN OF CLIMATE & ENERGY FUNDING

Total Climate and Energy Funding ($, billions)



Significant support for the electricity sector (PTC/ITC/45Q/45U), manufacturing, energy efficiency, electric vehicles, and low carbon fuels.[1]

Includes $41.5 billion in appropriated spending and $11.7 billion in new Superfund tax revenue.

At least 15 other agencies received appropriated funding in the legislation. USDA and DOE were the other two major recipients.

Other agencies that received over $1B in appropriations include:

- Department of the Interior ($6.7B)
- Department of Transportation ($5.4B)
- General Services Administrator ($3.4B)
- Department of Commerce ($3.3B)
- U.S. Postal Service ($3B) ← *Electric postal trucks!*
- Housing and Urban Development Agency ($1B)

1. Preliminary Joint Committee on Taxation analysis. Further CBO projections pending.
Source: Senate Democrats, Joint Committee on Taxation, CBO

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EPA PROGRAMS

EPA received $41.5 billion in appropriations to support 24 new and existing programs. This makes EPA the second largest recipient of discretionary funding after USDA.

Six new EPA programs account for 98% of this total funding:

- **Greenhouse Gas Reduction Fund ($27 billion)** – Provide capital to greenhouse gas mitigation projects not currently able to access private capital, particularly in low-income and disadvantaged communities.
- **Climate Pollution Reduction Grants ($5 billion)** – Provide grants at the state, local, and Tribal level to develop plans to reduce greenhouse gas emissions and implement those plans. At least one grant will go to an eligible entity in every state.
- **Environmental and Climate Justice Block Grants ($3 billion)** – Fund community-based nonprofit organizations to support a wide range of climate and environmental justice activities.
- **Grants to Reduce Air Pollution at Ports ($3 billion)** – Award rebates and grants for ports to purchase and install zero-emission technology and develop climate action plans.
- **Methane Emissions Reduction Program ($1.55 billion)** – Fund grants and technical assistance to accelerate emissions reduction from petroleum and natural gas systems. Also establish a methane waste emissions charge starting at $900 per ton in 2024 and increasing to $1,500 per ton by 2026.
- **Clean Heavy-Duty Vehicles ($1 billion) –** Provide grants, rebates, and contract support to replace heavy duty vehicles with zero emission alternatives. $400 million is specifically for nonattainment areas.

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EPA

ADDITIONAL PROGRAMS TOTAL $906 MILLION

National Program Office and Program	Funding ($)
Office of Air (OAR)	491,000,000
Funding to Address Air Pollution - Fenceline Air Monitoring & Screening Air Monitoring	235,500,000
Low Emissions Electricity Program	87,000,000
Diesel Emissions Reductions	60,000,000
Funding to Address Air Pollution at Schools	50,000,000
Funding for Implementation of the American Innovation & Manufacturing Act on HFCs	38,500,000
Funding for Section 211(o) of the Clean Air Act (Renewable Fuels)	15,000,000
GHG Corporate Reporting	5,000,000
Office of Chemical Safety and Pollution Prevention (OCSPP)	350,000,000
Environmental Product Declaration Assistance	250,000,000
Low-Embodied Carbon Labeling for Construction Materials	100,000,000
Permitting (Multiple Offices)	40,000,000
Efficient, Accurate, and Timely Permitting Reviews	40,000,000
Office of Enforcement and Compliance Assurance (OECA)	25,000,000
Funding for Enforcement Technology & Public Information	25,000,000

KEY TAKEAWAYS

- **Many of these programs build on existing programs** and can proceed quickly through established relationships with state and local partners.
- **OCSPP's embodied carbon programs will inform other infrastructure projects** such as roads, bridges, and ports.
- **A major investment in permitting will bolster EPA's capacity** to provide quality, timely environmental reviews and permitting for critical projects.

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EPA

INVESTMENTS ACROSS GOVERNMENT BUILD ON THE INFRASTRUCTURE LAW PASSED LAST YEAR

	Inflation Reduction Act	Bipartisan Infrastructure Law
Environmental Justice	$60B including new grant programs to reduce pollution, the Greenhouse Gas Reduction Fund with a focus on low-income communities, & bonus credits for clean energy projects and jobs in disadvantaged communities	$21B to clean up legacy pollution; $15B to replace lead pipes; $10B for clean buses; $500M for LIHEAP
Power Sector	Clean energy tax credits that will more than double wind, solar, and battery storage deployment; >$10B for rural electric systems and clean energy upgrades; $2B for transmission projects	$16.5B for grid upgrades like transmission; >$9B for nuclear and hydropower
Transportation	Tax credits for EVs (up to $7,500 new/$4,000 used); clean commercial vehicles, EV chargers, and Sustainable Aviation Fuel; $3B for clean USPS trucks; $1B for other heavy-duty vehicles	>$90B for public transportation; $66B for rail; $7.5B for EV charging; $7B for battery supply chains; $6.4B for state actions
Industry	$60B for U.S. clean energy manufacturing; $6B for cleaner industrial facilities; $1.5B for methane reduction	$9.5B for clean hydrogen; $10B for direct air capture and carbon capture
Buildings	$9B in rebates for electric appliances and efficiency upgrades; tax credits for home/business retrofits and efficient new construction; $1B for affordable housing upgrades; $1B for building codes	$3.5B for Weatherization Assistance Program; $550M for energy efficiency block grants; $500M for clean & efficient school buildings
Land/Ag	$21B for climate-smart agriculture and forestry	$1.4B for ecosystem restoration and resilience
Climate Resilience	$4.5B for drought; $2.6B for coastal communities; $1.8B to reduce wildfire risk in National Forests; $1.5B for urban tree planting	$50B for resilience to drought, wildfire, heat, flooding, coastal impacts, and other threats

6

EPA

GUIDING PRINCIPLES

- Maximize benefits – public health and climate benefits
- Prioritize environmental justice
- Harmonize management structures, regulations, funding and grants
- Engage inclusively with stakeholders
- Support and build on EPA regions' strengths
- Safeguard financial integrity

7

EPA

HOW TO GET INVOLVED

EPA will host multiple stakeholder engagement activities in the weeks ahead including:

- Public sessions with federal advisory committees –
  - National Environmental Justice Advisory Council (NEJAC)
  - White House Environmental Justice Advisory Council (WHEJAC)
  - Environmental Finance Advisory Board (EFAB)
  - Clean Air Advisory Committee (CAAC)
  - Local Government Advisory Committee (LGAC)
- Program-specific public meetings and stakeholder sessions
- Requests for Information where the public can provide written input on program design

Check epa.gov/newsroom for the latest updates and to sign-up for emails.

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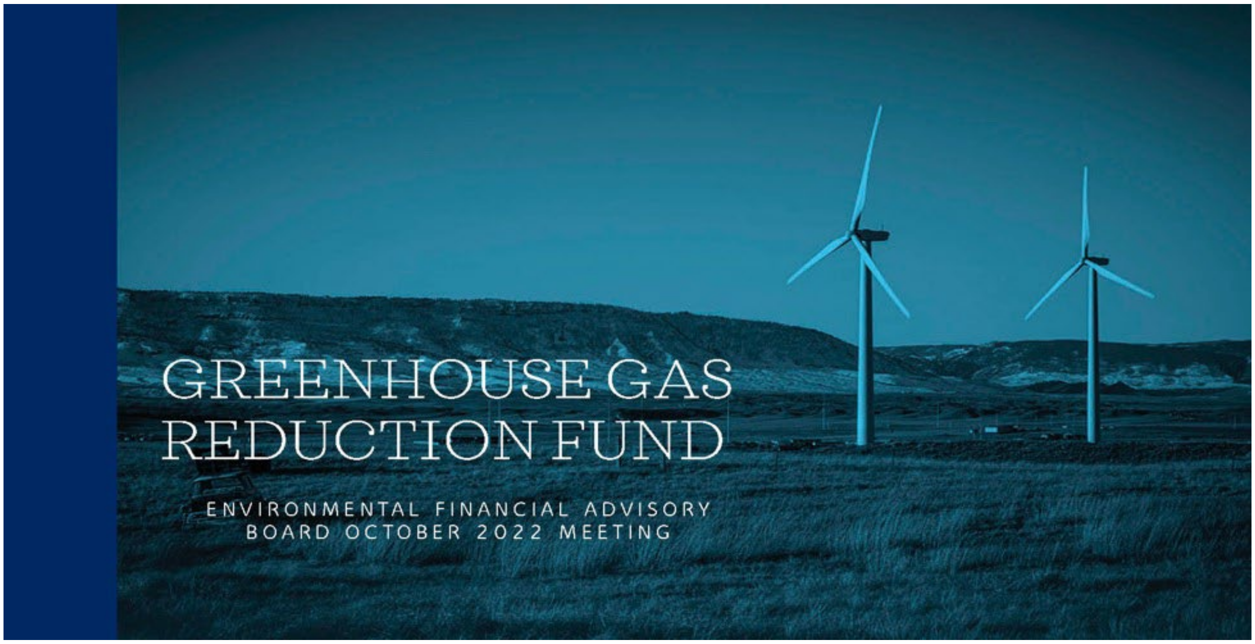
Appendix 6. GHGRF slides



EPA

CONTEXT: STATUTORY PARAMETERS

	Funding stream #1	Funding streams #2 and #3
Funding	$7 billion in competitive grants	$11.97 billion and $8 billion in competitive grants
Eligible Recipients	States, municipalities, Tribal governments, and *'eligible recipients'* (see righthand column)	*Eligible recipients* defined as: • A nonprofit that provides capital, including by leveraging private capital • Does not take deposits other than from repayments and other revenue from using these grant funds • Is funded by public or charitable contributions • Invests in or finances projects alone or with investors
Use of Funds	• Provide eligible applicants with funding that can be used as subgrants, loans, other forms of financial assistance, and technical assistance • Distributed technologies on residential rooftops is specifically mentioned as an allowable use, in addition to zero-emission technologies	Funds for financial and technical assistance in projects that reduce or avoid GHG and other forms of air pollution. Eligible recipients shall make: • Direct investments in qualified projects • Indirect investment through funding and technical assistance to establish new or support existing public, quasi-public, and nonprofit entities that provide financial assistance to qualified projects at the state, local territorial, or Tribal level, as well as community lenders
Conditions and Carve-Outs	Funds must enable low-income and disadvantaged communities to deploy or benefit from zero-emission technologies and carry out GHG reduction activities	$8 billion for qualified projects in low-income and disadvantaged communities

Key Statutory Deadlines:

- Begin making grants on a competitive basis within 180 days of enactment (February 12, 2023)
- Award all funding by September 30, 2024

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Appendix 7. GHGRF Proposed Charge

October 2022

EFAB Charge
Greenhouse Gas Reduction Fund

Problem / Question Statement

The Inflation Reduction Act of 2022 amended the Clean Air Act to create a new program – the Greenhouse Gas Reduction Fund. The Greenhouse Gas Reduction Fund includes: (1) $7 billion for competitive grants 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; (2) nearly $12 billion dollars for competitive grants to eligible entities to provide direct and indirect financial and technical assistance to projects that reduce or avoid greenhouse gas emissions; and (3) $8 billion for competitive grants to eligible entities to provide direct and indirect financial and technical assistance to projects that reduce or avoid greenhouse gas emissions in low-income and disadvantaged communities. These $27 billion dollars are available to EPA to award grants until September 30, 2024.

EPA seeks the advice of the EFAB regarding the following questions. For each charge question, the EFAB should provide a range of options (including research and literature references and other resources, where available), outlining their advantages and disadvantages.

I. Objectives

A. Environmental Justice/Definition of "low income and disadvantaged communities"
    1. What considerations should EPA take into account in defining "low-income" and/or "disadvantaged" communities in order to ensure fair access/that the funding benefits disadvantaged communities?
    2. How can EPA ensure that communities and organizations who have received little or no funds in the past receive priority consideration for funding? How could EPA identify the low-income and disadvantaged communities it should prioritize for greenhouse gas and other air pollution reduction investments?
    3. What kinds of technical and/or financial assistance should the Greenhouse Gas Reduction Fund provide to ensure that low-income and disadvantaged communities are able to be direct or indirect beneficiaries of Greenhouse Gas Reduction Fund funding? Please identify supports that could help communities with project implementation.

B. Program Efficiency
    1. How can the Greenhouse Gas Reduction Fund grant competition be designed so that funding is highly leveraged (i.e., each dollar of federal funding mobilizes multiple dollars of private funding)? How can the funding be used to maximize "additionality" (i.e. the extent to which funding catalyzes new projects that would not otherwise occur)? How can EPA balance the need for grants for capacity-building and short-term results with financial structures that will allow that capital to be recycled over time? Where (if at all) it is appropriate to impose sustainability requirements on direct or indirect beneficiaries of Greenhouse Gas Reduction Fund funding?
    2. Are there programs/structures at the federal or state level that could effectively complement the Greenhouse Gas Reduction Fund? How can EPA best the leverage Greenhouse Gas Reduction Fund to support lasting, long-term (beyond 2024)

transformation of the clean energy and climate finance ecosystem, especially for disadvantaged communities, and greenhouse gas and other air pollution reductions?

II. Program Structure

A. Eligible recipients.
   1. Who could be eligible entities and/or indirect recipients under the Greenhouse Gas Reduction Fund? What should be the thresholds for deployment—both amount and timing—for Greenhouse Gas Reduction Fund funding by these entities? Please provide references regarding the total capital deployed by these entities into clean energy and climate projects.
   2. What eligible entities and/or indirect recipients would best enable funds to reach disadvantaged communities? What are their challenges and opportunities and how can EPA maximize the use of these channels?

B. Eligible projects.
   1. What types of projects/sectors/market segments could EPA prioritize for funding through the eligible recipients?
   2. Considering each major project type/sector/market segment, discuss:
      i. What are the barriers to private sector capital?
      ii. Please provide any citations to relevant case studies in low-income and disadvantaged communities, in terms of emissions reductions and other benefits, including cost-effectiveness, wealth creation, economic empowerment, workforce development, etc.
      iii. What project-level gaps could the Greenhouse Gas Reduction Fund fill for which types of projects? What form could capital take to fill these gaps? Please provide references that analyze the deal-level economics for the various types of projects, including whether and how these may vary by geography.
      iv. Beyond assembling the capital stack for a deal, what other barriers and constraints exist that could constrict the pipeline of successful projects? What program strategies are needed to respond to these barriers and constraints?
   3. What types of contracting vehicles and structures will best support rapid deployment of clean technology solutions and direct involvement of the private sector, including in supporting disadvantaged communities?

C. Structure of Funding. Are there any potential program design requirements that would impact the ability of recipients to use the Greenhouse Gas Reduction Fund program funds? How could EPA address these issues through program design? How could recipients comply with relevant federal requirements? How can the EPA streamline the distribution of funds so that applicable federal and state review can be accomplished in a coordinated and efficient manner?

III. Execution, Reporting and Accountability

A. Given the tight timeline for implementation of the funds, what are key steps that EPA could take in the short- (next 180 days), medium- (next two years before funds expire in 2024), and long-term?

B. What types of requirements could EPA establish to ensure the responsible implementation and oversight of the funding?

C. What mechanisms could eligible recipients adopt, including governance as well as other mechanisms, to ensure that their applications and subsequent implementation efforts ensure: (i) accountability to low-income and disadvantaged communities; (ii) GHG emission reductions; (iii) leverage and recycling of the grants?

EFAB Mission Fit

EFAB's mission is to explore ways to lower costs and increase investments in environmental protection. The GHG has the potential to create valuable new capacity through existing and new channels for funding greenhouse gas reductions, and to specifically deliver gains to disadvantaged communities where GHG solutions are often compromised by high financing risks (capacity for repayment, access), lack of clear delivery systems (ability to reach beneficiaries) and awareness of potential solutions. These areas represent major segments of potential environmental harm and related benefits.

Type of EFAB Engagement

EFAB is positioned to assist EPA by providing focused guidance to EPA on strategies for establishing and developing the GHGRF.

EFAB is comprised of experts across many segments of environmental finance and program delivery. EFAB members have deep experience and broad networks that can be quickly leveraged to provide focused advice to EPA around a critical and rapidly moving agenda. EFAB capacity can provide immediate, actionable solutions that increase potential success around the GHG program.

Approach

Convene (fast) expert roundtables or listening sessions around topics that will inform implementation of the GHGRF and summarize key takeaways and recommendations. Orchestrate specific conversations that reach audiences not otherwise readily accessible to internal EPA staff. Take specific reference from private equity and venture capital fund-of-fund models and philanthropic "venture fund" models that have been successful over time in delivering capital to emerging fund managers.

Appendix 8. GHGRF Statute Language

SEC. 60103. GREENHOUSE GAS REDUCTION FUND.

The Clean Air Act is amended by inserting after section 133 of such Act, as added by section 60102 of this Act, the following:

"SEC. 134. GREENHOUSE GAS REDUCTION FUND.

"(a) APPROPRIATIONS.—

"(1) ZERO-EMISSION TECHNOLOGIES.—In addition to amounts otherwise available, there is appropriated to the Administrator for fiscal year 2022, out of any money in the Treasury not otherwise appropriated, $7,000,000,000, to remain available until September 30, 2024, to make grants, on a competitive basis and beginning not later than 180 calendar days after the date of enactment of this section, to States, municipalities, Tribal governments, and eligible recipients for the purposes of providing grants, 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, as determined appropriate by the Administrator in accordance with this section.

"(2) GENERAL ASSISTANCE.—In addition to amounts otherwise available, there is appropriated to the Administrator for fiscal year 2022, out of any money in the Treasury not otherwise appropriated, $11,970,000,000, to remain available until September 30, 2024, to make grants, on a competitive basis and beginning not later than 180 calendar days after the date of enactment of this section, to eligible recipients for the purposes of providing financial assistance and technical assistance in accordance with subsection (b).

"(3) LOW-INCOME AND DISADVANTAGED COMMUNITIES.—In addition to amounts otherwise available, there is appropriated to the Administrator for fiscal year 2022, out of any money in the Treasury not otherwise appropriated, $8,000,000,000, to remain available until September 30, 2024, to make grants, on a competitive basis and beginning not later than 180 calendar days after the date of enactment of this section, to eligible recipients for the purposes of providing financial assistance and technical assistance in low-income and disadvantaged communities in accordance with subsection (b).

"(4) ADMINISTRATIVE COSTS.—In addition to amounts otherwise available, there is appropriated to the Administrator for fiscal year 2022, out of any money in the Treasury not otherwise appropriated, $30,000,000, to remain available until September 30, 2031, for the administrative costs necessary to carry out activities under this section.

"(b) USE OF FUNDS.—An eligible recipient that receives a grant pursuant to subsection (a) shall use the grant in accordance with the following:

"(1) DIRECT INVESTMENT.—The eligible recipient shall—

"(A) provide financial assistance to qualified projects at the national, regional, State, and local levels;

"(B) prioritize investment in qualified projects that would otherwise lack access to financing; and

"(C) retain, manage, recycle, and monetize all repayments and other revenue received from fees, interest, repaid loans, and all other types of financial assistance provided using grant funds under this section to ensure continued operability.

"(2) INDIRECT INVESTMENT.—The eligible recipient shall provide funding and technical assistance to establish new or support existing public, quasi-public, not-for-profit, or nonprofit entities that provide financial assistance to qualified projects at the State, local, territorial, or Tribal level or in the District of Columbia, including community- and low-income-focused lenders and capital providers.

"(c) DEFINITIONS.—In this section:

"(1) ELIGIBLE RECIPIENT.—The term 'eligible recipient' means a nonprofit organization that—

"(A) is designed to provide capital, leverage private capital, and provide other forms of financial assistance for the rapid deployment of low- and zero-emission products, technologies, and services;

"(B) does not take deposits other than deposits from repayments and other revenue received from financial assistance provided using grant funds under this section;

"(C) is funded by public or charitable contributions; and

"(D) invests in or finances projects alone or in conjunction with other investors.

"(2) GREENHOUSE GAS.—The term 'greenhouse gas' means the air pollutants carbon dioxide, hydrofluorocarbons, methane, nitrous oxide, perfluorocarbons, and sulfur hexafluoride.

"(3) QUALIFIED PROJECT.—The term 'qualified project' includes any project, activity, or technology that—

"(A) reduces or avoids greenhouse gas emissions and other forms of air pollution in partnership with, and by leveraging investment from, the private sector; or

"(B) assists communities in the efforts of those communities to reduce or avoid greenhouse gas emissions and other forms of air pollution.

"(4) ZERO-EMISSION TECHNOLOGY.—The term 'zero-emission technology' means any technology that produces zero emissions of—

"(A) any air pollutant that is listed pursuant to section 108(a) (or any precursor to such an air pollutant); and

"(B) any greenhouse gas.".

Appendix 9. Opportunity Zone Letter

ENVIRONMENTAL FINANCIAL ADVISORY BOARD

September 16, 2022

The Honorable Michael S. Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

Dear Administrator Regan:

The Environmental Financial Advisory Board ("EFAB") was engaged by the Office of Policy on the topic of potential roles for EPA in attracting private investment to Opportunity Zones. EFAB took up a Charge on this topic at its February 11-13, 2020 meeting and further refined the Charge at its April 20-20, 2021 meeting . EFAB's scope of work for the Charge included:

> **Facilitating Investment (Marketplace/Matchmaking):** Advise EPA on how to enhance the Agency's approach to encourage increased Opportunity Zone ("OZ") funds investment into both rural and urban communities alongside existing EPA funding tools, programs, regulatory/permitting flexibility and federal and state partners.
>
> Provide examples and advice and support to communities, including ways to minimize risk for investors, and to investors seeking to direct OZ Fund investment into low-income, minority, and/or otherwise vulnerable communities, reflecting environmental justice principles. Note where community benefits standards and guidance have been developed [or are so far lacking] that may be relevant to OZ-funded projects in these communities and the value of such community benefits can be achieved.
>
> Provide recommendations on where EPA may uniquely be situated to coordinate with investors and other agencies in encouraging/identifying OZ investment opportunities in high-priority communities from an environmental justice standpoint, including low-income, minority, tribal, and indigenous communities that bear disproportionate environmental risks and damages.

This letter provides advice, examples and recommendations on how EPA can facilitate attracting more private investment to communities that qualify for investment under the OZ program.

Executive Summary

By definition, communities designated as OZs have a high degree of overlap with people of color, low-income, and indigenous communities as well as communities with Environmental Justice ("EJ") concerns, and as such these communities are eligible for a range of public funds from various agencies, particularly HUD , and subsidized private capital enabled programs such as NMTC investment and USDA and SBA guarantees.

Many of our communities encounter barriers to accessing all of these sources of capital, inclusive of OZ capital. Frequently, these barriers are non-financial, such as staff capacity, planning resources, access to technical vendors (particularly for smaller projects), and underdeveloped networks. These barriers exacerbate challenges already present as financial barriers for many communities, such as limited borrowing capacities and shrinking ratepayer bases.

In the EFAB's deliberations regarding the OZ Charge from EPA, including conversations with practitioners managing OZ funds (see Appendix), it became clear that the areas under EPA's purview could uniquely help address certain of these barriers in order to enable both private and public capital to flow to these communities. As a tactical matter, given the uncertainty around the permanence of the OZ tax benefits, it is prudent to plan for any action on behalf of the EPA in such a way to create better enabling conditions for as wide a selection of capital as possible, in order to increase long-term access and supports for overburdened communities. Additionally, given the scope of programs and activities both at federal and state levels and when EPA resources tend to be deployed by communities in project development, it would be challenging and potentially inappropriate for the EPA to play a "matchmaking" role with private investors managing OZ funds. EPA's primary role and expertise is as a regulator and as an overseer of various environmental grant and low-cost financing programs.

Better for private investors and / or interested OZ communities to approach the EPA and its grant and loan program state partners for assistance traversing regulation hurdles and requirements and for seeking technical assistance optimizing EPA's grant and low-cost financing program opportunities.

Nevertheless, the EPA has an impactful role to play in a number of areas by investing in communities' planning and fundraising capacities, grant funding for environmental remediation and project predevelopment, data collection and aggregation around OZ-funded projects with other agencies, and preferential terms and treatment under existing financing programs. These investments can strengthen the capacity of disadvantaged and overburdened communities to access not only OZ funds but a wider range of private and public sources of investment capital for key development and infrastructure projects. As the expert panel indicated, all of these activities also meaningfully reduce risk for private investors who may later invest in community projects enabled by these activities.

In summary, given uncertainty around OZ longevity, the EFAB team recommends that the EPA examines its *existing* activities, programs and tools with an eye towards improvements that specifically benefit high priority communities more broadly, in lieu of creating new programs, resources or funding sources tailored specifically to OZ funding sources, and which changes can be implemented relatively quickly, with limited administrative complications. One recent example of this is the Fiscal Year 2023 Brownfield Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Grants announcement, wherein the EPA was able to remove matching requirements due to additional funding from the Bipartisan Infrastructure Law.

Focusing on predevelopment, technical assistance, and planning capacity will reduce project and investor risk, while also providing necessary supports to under-resourced communities both urban and rural. As the EPA's existing programs are generally more flexible than other agency sources for project funding, continuing to value and expand that flexibility to encourage high priority communities to develop project capacity, and ensuring EPA programs enable or don't conflict with less flexible funding sources from other agencies, is a uniquely impactful role for the agency. Finally, a collaborative and interagency approach to data gathering and sharing can be emphasized in order for community benefits to be better captured and communicated both from OZ-funded projects as well as other projects with multiple federally subsidized funding sources in high priority communities.

We highlight the successful partnership the EPA formed with FEMA to produce a Memorandum of

Understanding regarding hazard mitigation funds and SRF funds[1], and the recently announced partnership with USDA, "*Closing America's Wastewater Access Gap Community Initiative,*" as examples of the collaborative interagency possibilities.[2]

The EPA's Unique Role: Focus on Enabling Conditions

An evident barrier to accessing private investor capital, including OZ funds, is having met the baseline conditions for private capital to flow: completed and approved plans, environmental remediation completed, permits obtained, zoning addressed, utility infrastructure availability, technical vendors (e.g. engineering) procured and, especially in the west, sufficient water rights/access. Since these are preconditions before a dollar of private capital will commit to any project, disadvantaged, overburdened and/or low-income communities must have the resources to address these before even soliciting investors. In addition, from the disadvantaged community perspective, a lack of awareness and understanding of the direct, indirect, and induced community benefits related to OZ projects which can support communities from a broader economic standpoint, as well as enhancing necessary infrastructure reliability and sustainability, can limit their interest for pursuing OZ funds and projects in favor of other funding sources. Funding capacity development within disadvantaged and overburdened communities can facilitate long lasting benefits and further leverage the OZ objectives.

Examples of enabling actions within EPA's existing purview could include:

PREDEVELOPMENT & CAPACITY BUILDING

- Providing increased flexible grant funds for planning development projects (inclusive of hiring the human resources necessary to do so), and inclusive of funds to support community outreach and genuine engagement.
- Identifying and addressing environmental remediation issues in disadvantaged and overburdened communities *before* "shovel readiness" or planning is fully complete, including potentially providing grant funds for the execution and development of a remediation action (mitigation) plan.
- Sharing a "shovel-worthy" checklist – with potential funding sources and estimated timelines attached to each element - so communities are aware of the preconditions needed before investor dollars can be attracted to a project.

PRIORITY ALLOCATIONS OF LARGE FUNDING PROGRAMS AT STATE LEVEL

- Prioritizing applications for SRF loans with principal forgiveness, WIFIA loans, and Brownfield remediation grants for disadvantaged and overburdened communities that also qualify for OZ, USDA and NMTC funds (which is already in evidence in aligning funding with the Justice40 initiative). Benefits of prioritizing State programs such as SRF grantees include:
  - (i) Existing relationships and infrastructure – SRFs function as intermediaries funneling federal and state funds under EPA's SRF Program to most local communities and their water systems, positioning these state agencies as ready partners with existing contacts and lending processes;

[1] https://www.epa.gov/cwsrf/memorandum-understanding-between-environmental-protection-agency-and-department-homeland

[2] https://www.epa.gov/newsreleases/biden-harris-administration-launches-epa-usda-partnership-provide-wastewater

(ii) Higher certainty of funding for a project's water-related components, as most SRF's make a determination of eligibility at the onset of application prior to environmental and engineering review for funding certification;
(iii) Facilitation of certain water and land permits, as many SRF programs prioritize and expedite the permitting process for participating projects;
(iv) Decreased financing costs through the use of either SRF funds or WIFIA funds which, if shared with the water system and/or redeveloper, lead to a higher, more attractive project return and probability of completion; and
(v) Support for Early Technical Assistance and Capacity Development. The appropriation of BIL funds to SRF programs prioritizes funding for resource strapped communities that have environmental justice and affordability concerns and encourages states to develop processes to provide such support. These processes will be directly transferrable to communities needing similar assistance in developing and promoting Opportunity Zones projects.

- **Enabling SRF loans to include disadvantaged communities to secure professional services to conduct planning for off-site infrastructure in support of OZ development projects to enhance related community benefits.**

INTERAGENCY COLLABORATION AND AWARENESS

- **Education of local public officials around the available sources of capital *across* agencies and guidance on applying (USDA, HUD, etc.) – for example, adding to the Community Calendar [3]application information around relevant HUD grant application timelines that most commonly overlap with community projects**
- **Collaborating with HUD, Treasury, and other agencies on a reference database for communities to access examples of other successful OZ-funded projects, or if this is not readily available:**
    - **EPA could instead expand upon its OZ "case study" library to provide several case studies that showcase common funding sources & timelines for OZ projects – ideally those that happened in communities with EJ concerns – with an emphasis on the best "matching" funding sources (e.g. twinning tax credits, grant sources)**
    - **Expand case studies to include discussion of direct and indirect community benefits resulting from OZ investments – however, without improved data available on OZ-funded projects, this may be limited only to anecdotal information**
    - **Collaborate on comprehensive guidance to assist communities in identification of community benefits that can be derived from an OZ-funded development and the funding available to leverage OZ projects to enhance water and wastewater infrastructure rehabilitation, while limiting adverse affordability impacts**
- **Actively encourage interagency working groups to discuss funding program compatibility and areas of friction across funding sources available to people of color, low-income, indigenous communities and communities with EJ concerns. This requires a "silo-busting," collaborative approach and flexibility that EPA may be uniquely positioned to encourage among agencies and has already demonstrated capacity around in partnerships mentioned above with FEMA and USDA, for example.**

[3] https://www.epa.gov/grants/epa-grant-competition-calendar-community-grants

We recognize there are many competing priorities and workloads underway at the EPA. In order to implement any of the above recommendations over time, we suggest prioritization of activities in the following order.

Begin with alignment with other public funding sources

It should be noted that none of the above is possible without first aligning EPA funding eligibility criteria with other agency definitions of high-priority communities with EJ concerns to maximize the range of funding sources made available to these communities and proactively identify where there is friction between these funding sources. Such alignment should include communities with EJ concerns in existing funded initiatives at the federal level as identified in the Infrastructure Bill and Inflation Bill (e.g. Justice40.) The recent Brownfields grant announcement for FY23 is a successful example of aligning existing EPA resources with increased federal resources and prioritizing communities that are most likely to also be eligible for various subsidized investment streams such as OZ funding. Given the extensive array of multiple local, state, and federal grant and investment programs available to communities today, guidance notes from the EPA on how to access certain funding sources alongside other federal or state programs, for example where match requirements can be met across funding streams, could be a worthwhile project led by EPA/DEP offices at the state level.

Make incremental updates to existing grant and predevelopment EPA funding programs

One of the differentiating benefits the EPA uniquely enjoys is its flexibility in its grant programs – TA and predevelopment grants specifically – which are the first resources that communities need to get projects off the ground. These resources are particularly valuable when projects are also funded by larger but more rigidly constructed programs run by other agencies. In terms of prioritization of recommendations, EPA might consider updates to existing programs like TAG, EJSG, OLEM, etc. in ways that support priority access to these funds for people of color, low-income, and indigenous communities and communities with EJ concerns and ensure uses of funds include capacity, planning, and other hard-to-finance predevelopment activities.

As the expert panel indicated, many communities will struggle to attract OZ and other private funding because they lack the basic infrastructure (water, sewer, etc.) to support such projects. Various federal programs have offered funds for different phases of work related to infrastructure engineering and construction. However, it is difficult to navigate the federal funding process to obtain funding that would support the work from preliminary engineering to design to construction management and construction as these all tend to be housed in separate programs (and thus, applications). The recent Infrastructure and Jobs Act's philosophy guiding the allocation of funds has provided a potential solution in the Department of Transportation's ("DOT") RAISE grant program, which encouraged communities to develop applications that stack funds from various component programs. Stacking grants for planning, predevelopment, construction, and so on through the life of a project can provide a community with funding from start to finish, reduce speculative risk in infrastructure development, and meet holistic infrastructure needs of both communities and developers seeking to invest private capital. Critically, to enable communities to think holistically about project funding needs, DOT delegated support to its divisions, rather than funneling all its funds through State DOTs, avoiding a layer of complexity to the program.

Consider significantly increasing funding for Environmental Finance Centers ("EFCs") and similar regional intermediaries.

EFCs have a sense of community needs and planned projects, as well as experience helping communities access multiple funding sources for projects – both public and private. Additionally, they are positioned to have relationships in place with private sector capital and can coordinate between State-level EPA/DEP offices and private sector investors. Increasing funding for EFCs should also reflect identification of priority communities per the first action recommended above. EFCs could additionally function as the front line of targeted EPA grant programs for community-led predevelopment work in redevelopment projects. One example of this is the EPA's 2021 grant award to the Southwest Environmental Finance Center ("SEFC") to work with improving small public water systems across the country.[4]

Conclusion

We thank the EPA for the opportunity to provide advice, examples and recommendations on how EPA can facilitate attracting more private investment to low-income, people of color, and indigenous communities and communities with EJ concerns.

Sincerely,

Kerry E. O'Neill

Kerry E. O'Neill, Chair
Environmental Financial Advisory Board

William D Stannard

Margot M. Kane and William Stannard, OZ Working Group Co-Chairs
Environmental Financial Advisory Board

Enclosure

cc: Edward H. Chu, Designated Federal Officer, Environmental Financial Advisory Board
David Doyle, Land Revitalization Coordinator, Land, Chemicals, and Redevelopment Division, EPA Region 7
Jon Grosshans, Senior Advisor, EPA Office of Policy
Michelle Madeley, Program Manager, EPA Water Infrastructure Resiliency & Finance Center
Joshua Tapp, Director, Office of Intergovernmental Affairs, EPA Region 7
Andrew Wynne, Senior Advisor, EPA Region 7

[4] https://www.bizjournals.com/albuquerque/news/2021/05/21/unm-receives-epa-grant-funding.html

APPENDIX

U.S. Environmental Protection Agency Environmental Financial Advisory Board

Opportunity Zones Workgroup Practitioner Panel
Virtual Public Meeting via Zoom
Thursday, August 26 – 12:00-1:30 pm Eastern Time

Executive Summary

Purpose: To hear from Opportunity Zones (OZ) practitioners who work on OZ investments in disadvantages communities across the country and were willing to share their experiences to support the EFAB Opportunity Zones workgroup's charge.
Panelists: Diverse selection of OZ fund managers based in the Southwest, Mid-Atlantic, and Northeast whose work reflects EPA interests (e.g., rural and disadvantaged communities, investments in operating businesses, housing, and mixed-use real estate under OZ requirements).

- Alecia Hill – Investment Associate, Enterprise Community Investment, Inc.
- Jonathan D. Tower – Managing Partner, Arctaris
- Stephanie Copeland – Managing Partner, Four Points Funding

Key Insights & Takeaways

- Pre-conditions to potential investment(s):
    - *Access to and understanding of soft costs (e.g., planning, predevelopment, and risk assessment at the community level)* – Historically marginalized communities may lack awareness of their environmental risk in planning projects.
    - *Adequate water infrastructure, quality, and access* – Water rights are sometimes requested by communities before developers are granted permits. These issues cannot be left until later stages in project development, such as arranging financing. Investors won't take these risks and are sensitive to what the delay(s) addressing them will cost.
    - *Community buy-in* – Proposed projects should reflect community priorities and have active support from key stakeholders, including those frequently underrepresented.
- On government involvement:
    - Federal agencies and sources, notably HUD, ARPA, and SSBCI, have successfully paired existing financing and grant products with OZ-qualifying projects and investors.
    - Government funding sources at the project level can add so many requirements that appreciation is suppressed, especially for smaller scale projects in rural settings.
    - Consistent communication and streamlined processes are key.
- On community role:
    - Prospectuses are insufficient for investors because they don't capture the complexity of project risks. A more predictable environment for investors to enter is needed.
    - Communities should be informed of the risks investors and developers are taking too.
- OZ can make infrastructure payback faster – The structure of OZ investment funds enables them to recognize a faster ROI on infrastructure investments and pay for deferred maintenance

thanks to accelerated depreciation, which may be useful for communities who seek investment in water/wastewater infrastructure.

- **Additional uncertainty (e.g., census tract changes, timeline for certain tax incentives) can depress investor appetite.**

Appendix 10. Pollution Prevention Letter and Presentation

ENVIRONMENTAL FINANCIAL ADVISORY BOARD

October 18, 2022

The Honorable Michael S. Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

Dear Administrator Regan:

The Environmental Financial Advisory Board (EFAB)is pleased to submit this report, "Catalyzing Pollution Prevention Finance," developed by the EFAB Pollution Prevention Workgroup (P2 Workgroup). As you know, EFAB works to provide the EPA administrator and other leadership with guidance and expertise on a variety of environmental financing and investment topics, issues, and challenges. EFAB provides critical perspectives from EPA's diverse customers, partners, and stakeholders – with a particular focus on the financial community and its capacity to deliver effective financing to advance the nation's most pressing environmental financing issues. The P2 Workgroup embraced its work with a keen eye toward EPA's capacity to serve as a catalyst for source pollution prevention, the highest level of impact in the waste management hierarchy.

P2 Workgroup Approach

The P2 Workgroup approached its task with three concrete goals: (i) engage a diverse set of financial sector experts, customers, partners, and stakeholders in pollution prevention finance conversation focused on priority manufacturing sectors; (ii) move swiftly to draw meaningful conclusions related to challenges of and potential solutions to pollution prevention funding and finance activities; and (iii) provide recommendations with immediate actionable items to advance EPA's pollution prevention remit. A Series of three P2 Finance Forums held between March and August 2022, engaged more than two dozen experts across diverse segments of the finance field alongside manufacturing support organizations and specialists in technology, supply chain sustainability and business strategy roles to explore the topic and inform recommendations.

Recommendations

We have organized our recommendations into three categories of immediately actionable items that reflect current capacity and funding levels within the P2 program:

(1) Focus P2 Grant Program. Focus a segment of P2 grants on innovative finance opportunities within a priority business segment, and use P2 grant program to support a cohort of regional P2 demonstration projects;
(2) Expand Education & Training. Develop sector-based use cases and a series of "P2 Finance Webinars" that highlight success factors in P2 financings; and
(3) Introduce Risk Reduction Tools. Develop underwriting standards for priority sectors, identify and facilitate priority technology certification efforts, and explore the active use of existing and new credit enhancements/guarantee programs.

Creative Approaches to Funding Environmental Programs, Projects, and Activities

The attached brief report entitled "Catalyzing Pollution Prevention Finance," and supplemental documents incorporated by reference, comprise the full scope of our work. We thank you for the opportunity to be of service to this important Office within EPA.

Kerry E. O'Neill
Chair
Environmental Financial Advisory Board

Ashley Allen Jones
Chair
EFAB P2 Working Group

Enclosure

cc: **Edward H. Chu, Designated Federal Officer, Environmental Financial Advisory Board**
David Widawsky, Director, Data Gathering and Analysis Division, Office of Pollution Prevention and Toxics
Alison Kinn Bennett, Senior Advisor, Sustainability and Pollution Prevention Branch, Office of Pollution Prevention and Toxics

CATALYZING POLLUTION PREVENTION FINANCE
ENVIRONMENTAL FINANCIAL ADVISORY BOARD
OCTOBER 2022

Co-Chairs

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Ashley Allen Jones, Founder & CEO, i2 Capital, Washington, DC

EFAB Members

Stacy Brown, President & CEO, Freberg Environmental, Denver, CO
Craig Hrinkevich, Managing Director, Debt Capital Markets, Baird, Red Bank, NJ
Christopher Meister, Executive Director, Illinois Finance Authority, Chicago, IL

Invited Consultants

Tim Larson, President, Ross Strategic, Seattle, Washington
Martha Sheils, Director, New England Environmental Finance Center, Portland, ME
Laura Harwood, Vice President, Eastern Research Group, Arlington, VA
Cena Swisher, Senior Manager, Eastern Research Group, Arlington, VA

Finance Forum Experts

Frank Altman, CEO, Community Reinvestment Fund, Minneapolis, MN
Kelsie Bouchard, Portfolio Manager, Coastal Enterprises, Inc., Brunswick, ME
Martin Chilcott, CEO & Founder, Manufacture 2030, Oxford, UK
John Cox, Principal, John Cox Consulting, Lancaster, PA
Brad Fletcher, Vice President & Treasurer, Illinois Finance Authority, Chicago, IL
Jeremy Gilpin, Executive Vice President, Greater Commercial Lending, Reno, NV
Bert Hunter, Executive Vice President and Chief Investment Officer, CT Green Bank, Hartford, CT
Sarah Lee, Project Director, Advanced Manufacturing Sector Integration, Washington State Department of Commerce, Olympia, WA
Matt McKenna, Executive in Residence, Georgetown McDonough School of Business, Washington, DC
Aldric Seguin, Managing Partner, Global Sustainable Future, New York, NY
Catherine Sheehy, Head of Advisory Solutions, Environment & Furniture, UL Solutions, Chicago, IL

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Alison Kinn Bennett, Senior Advisor, Sustainability and Pollution Prevention Branch, Office of Pollution Prevention and Toxics, Washington, DC
David Widawsky, Director, Data Gathering and Analysis Division, Office of Pollution Prevention and Toxics, Washington, DC
Andrew Wynne, Project Coordinator, Office of Pollution Prevention and Toxics, Kansas City, MO

Background

Pollution prevention (P2) is any practice that reduces, eliminates, or prevents pollution at its source. Financially, it is often cheaper to prevent the creation of pollution than to clean it up afterwards or pay for control, treatment, and disposal of waste products. For businesses, all forms of waste represent inefficient expenditures. If a business can reduce or eliminate such expenditures, that immediately translates to the bottom-line by reducing operating, regulatory, and liability costs.

P2 projects (e.g., new equipment, contractor services) often require cash disbursements upfront, with potential savings (avoided costs) accruing over time. These projects must often compete for limited resources with other internal business priorities that are essential for revenue generation. Small businesses may not be used to borrowing money from external sources or they may not think that they are able to do so at affordable terms. Accordingly, many potentially attractive P2 projects go unfunded and unrealized.

EPA has recently convened P2 technical assistance providers to discuss: if/how manufacturers are financing P2 projects, what challenges small businesses face in attracting lenders, what existing environmental financing approaches could be modeled/expanded for a broader array of pollution prevention projects; and what could EPA's role be in facilitating small business access to private sector financing. As a start, EPA has conducted background research on the types of financing and funding approaches available to manufacturers to implement P2 projects. EPA's Office of Pollution Prevention and Toxics was specifically interested in learning more about is the structures, models, and extension services that could be employed to successfully finance P2 projects.

P2 Finance Forum Key Takeaways[1]

Forum 1: Finance Sector Insights

- Credit risk poses a material threat to underwriting P2 loans in the middle market manufacturing sector, given diversity of business size, profitability, and sophistication. Credit risk can include company level profit and loss factors, risks related to new/not-well-understood technologies, lack of clarity in cost savings related to P2 program implementations, and overall fragmentation of the middle market manufacturing sector, among other factors. *Any P2 finance program needs to directly address credit risk issues.*
- Existing, well-established tools exist that address credit risk at a scaled level, including loan guarantees (eg. USDA, SBA), tax advantaged lending (eg. New Market Tax Credit) and credit enhancements in lending pools (eg. first loss capital).
- The P2 sector has potential to introduce and expand innovative financing structures that have been utilized successfully in related sustainability sectors (eg. energy service companies, or ESCOs, and commercial property assessed clean energy, or C-PACE models).
- Technology certification programs have the potential to provide valuable support to underwriting of new technologies in priority sectors.

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[1] See full P2 Finance Forum Recordings and written summaries: https://www.epa.gov/waterfinancecenter/environmental-financial-advisory-board-efab-pollution-prevention-finance-forum

- The Community Development Finance Institution (CDFI) and Green Bank finance sectors provide robust examples of mission-related or "co-benefit" lending activities that are highly relevant for P2 lending efforts.
- Collaborative funding models provide for a greater diversity of funding and capacities to underwrite businesses in hard-to-reach communities.

Forum 2: P2 Financing Tools and Models

- Standards and 3rd party certifications can mitigate risks for financial community through clarifying terms, scope, metrics, and measurements, and enabling benchmarking; credible entity standing behind organization to confirm technology strategy, for example UL3600 includes waste aversion validation at a site or across a supply chain to support "circularity of a company's material flow."
- C-PACE is used across 30 states -counties and municipalities impose standardized, voluntarily "requested special assessment liens" on behalf of property owners. Supports equipment that is permanently affixed to buildings, with financial/collateral ties to plant infrastructure.
- Green Banks provide financing to private property and business owners to increase energy efficiency of property often providing 15+year financing and lending support alongside commercial capital. Examples: SME energy efficiency portfolio funded through utility program @ 0% interest; Solar Power Purchase Agreement Program simplifies and reduces cost to deploy solar; loan loss reserve program for primary lenders (e.g. E-Loan provides second loss guarantee to lenders).

Forum 3: Distribution Strategies and Partnerships

- Business leaders must think about sustainability as a matter of continuous improvement: analyze the value stream, identify where waste lies in that value stream and work hard to find an intersection of waste and profitability.
- P2 finance efforts should seek opportunities to partner with organizations and business entities who may have different motivations and value protocols (e.g. excess land for energy generation).
- Business supply chains often present opportunities for support, for example when OEMs seek sustainability from within their supply chain).
- P2 efforts should seek state-level resources to prepare business to be "investor ready" and to understand the challenges to underwriting and what local lenders look for in loan transactions.
- Seek out relationships with CDFIs across the country that are concerned with "those people that are farthest away from the opportunity"; CDFIs are "capillaries of finance" that seek to access hard to reach markets thorough financial engineering (e.g. guarantees from philanthropy and government).
- Seek "innovative cluster" potential to expand sustainability in a geographic area in a sector; offer "wrap-around" services that target a specific challenge and solution.

Recommendations to EPA

P2 Grant Program Strategies

i. Focus next round of P2 grants on grantees with expertise in relevant sectors for primary P2 finance opportunities and relevant capacities to advance P2 finance efforts (single industry or group of industries with similar P2 issues.)

ii. **Identify and support a cohort of regional P2 pilots that demonstrate robust partnerships for pre-development support (technical assistance) and innovative funding relationships -to serve as P2 "demonstration projects."**

iii. **Through (i) and (ii) above, support development of finance ecosystems that broaden market acceptance for financing P2 projects.**

Education/Training Strategies

i. **Develop sector-based use cases for P2 financing (through grantees or consultants).**

ii. **Develop a series of webinars on P2 success cases and factors contributing to success and reference P2 Finance Forum learnings.**

Risk Reduction Mechanisms

i. **Launch technology certification program around priority interventions in one or two focus sectors.**

ii. **Develop underwriting standards for P2 on specific waste streams within specific industries, in conjunction with trade groups and technical experts.**

iii. **Explore use of existing and new credit enhancements/guarantee programs (e.g. EPA SRF, SBA, USDA, State-level programs, USDOE, etc.).**

Appendix A

Pollution Prevention Finance Forum Summary Slide Presentation.

Additional Resources

https://www.epa.gov/waterfinancecenter/environmental-financial-advisory-board-efab-pollution-prevention-finance-forum

Pollution Prevention Finance Finance Forum Workshop 1 - Resource Packet
Pollution Prevention Finance Forum Workshop 1 - Presentation
Pollution Prevention Finance Forum Workshop 1 – Summary of Remarks
Pollution Prevention Live Webinar Recording, Workshop 1, March 9, 2022

Pollution Prevention Finance Finance Forum Workshop 2 - Resource Packet
Pollution Prevention Finance Forum Workshop 2 – Summary of Remarks
Pollution Prevention Live Webinar Recording, Workshop 2, May 10, 2022

Pollution Prevention Finance Finance Forum Workshop 3 - Resource Packet
Pollution Prevention Finance Forum Workshop 3 – Summary of Remarks
Pollution Prevention Live Webinar Recording, Workshop 3, August 23, 2022

Thank you to all who participated in the EPA/EFAB Pollution Prevention Finance Forum Series.

Environmental Financial Advisory Board

Engagement with the Office of Pollution Prevention & Toxics:
Strategies to Expand Funding and Financing for OPT Pollution Prevention Projects

EFAB Briefing - 9.20.2022

Financing Small Manufacturer Pollution Prevention Projects

In Collaboration with: EPA Office of Pollution Prevention and Toxics

Office of Chemical Safety and Pollution Prevention - OCSPP

Project Leadership & Working Group

Kerry O'Neill, CEO, New Prosperity Capital; Chair, EFAB

Ashley Allen Jones, Founder & CEO, i2 Capital, Chair, EFAB P2 Workgroup

Ed Chu, EFAB Designated Federal Officer; Deputy Regional Administrator, EPA Region 7

Tara, Johnson, EFAB Alternative Designated Federal Officer; EPA Water Finance Center

David Widawsky, Ph.D. – Division Director, EPA Office of Chemical Safety and Pollution Prevention

Pollution Prevention Workgroup Members

- **Kerry O'Neill**, CEO, New Prosperity Capital
- **Ashley Allen Jones**, Founder & CEO, i2 Capital
- **Stacy Brown** , President and CEO, Freberg Environmental
- **Craig Hrinkevich**, Managing Director, Baird
- **Chris Meister**, Executive Director, Illinois Finance Authority (EFAB Term Expired 7/2022)

EPA Project Workgroup Members

- **David Widawsky,** Director, EPA OCSPP
- **Alison Kinn Bennett**, Senior Advisor, USEPA Office of Pollution Prevention and Toxics
- **Andrew Wynne**, Project Coordinator, USEPA Office of Pollution Prevention and Toxics
- **Tim Larson**, President, Ross Strategic
- **Martha Sheils,** Director, New England Environmental Finance Center
- **Laura Harwood,** Vice President, Eastern Research Group
- **Cena Swisher,** Senior Manager, Eastern Research Group

Financing Small Manufacturer Pollution Prevention Projects

In Collaboration with: EPA Office of Pollution Prevention and Toxics
Office of Chemical Safety and Pollution Prevention - OCSPP

Pollution Prevention Charge

Problem

- Gaps in funding for P2 projects for SMEs

Key Questions

- What challenges do SMEs face in attracting P2 lenders?
- What financing approaches that address P2 opportunities?
- What the role that EPA might play to facilitate access to private capital for P2 projects?
- Do models and extension programs exist that could be employed to expanding financing for P2 projects?

Approach

- Orchestrate a series of workshops with finance sector experts to explore key questions
- Develop a set of concrete recommendations for EPA's P2 Program that expand access to financing

Timeline

- November 2021 – October 2022

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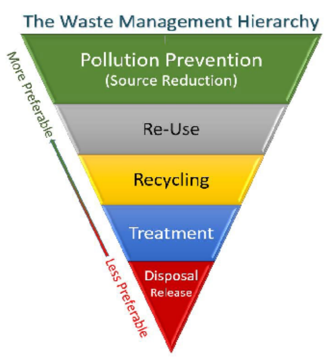
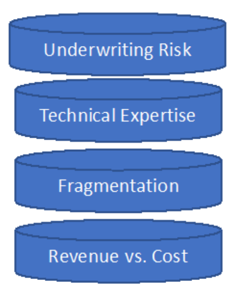
EFAB Charge: Financing Small Manufacturer Pollution Prevention Projects

In Collaboration with: EPA Office of Pollution Prevention and Toxics
Office of Chemical Safety and Pollution Prevention - OCSPP

WASTE MANAGEMENT HEIRARCHY



EXPLORE: BARRIERS TO FINANCING



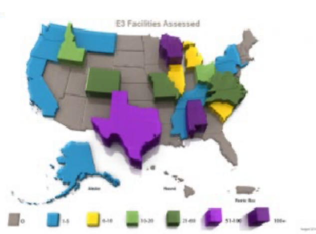
ADDRESS CHALLENGES/OPPORTUNITIES

i. How could different financing structures and models increase financing?

i. How would a sector-based approach to manufacturers inform economies of scale in financing?

i. How could EPA best support expansion of financing and assistance programs?

Food/Beverage, Auto, Aerospace, Fabricated metals, Chemicals



NetZero; Supply Chain Sustainability

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Financing Small Manufacturer Pollution Prevention Projects

In Collaboration with: EPA Office of Pollution Prevention and Toxics

EPA Source Reduction Examples

Financing Model

- Upfront Financing for P2 Projects
- P2 Project Implementation (Capital Cost)
- Improvements in Efficiency, Costs, Performance

- CDFI - Craft3: loans to transition from dry cleaning to wet cleaning combined with State Equipment Replacement Voucher Program = elimination of hazardous chemicals
- State Program - Michigan Small Business P2: loan to transition conventional imaging to digital radiology in medical industry reduced hazardous liquid waste and solid waste
- Commercial Financing: loans to support installation of plural component surface coating in aerospace and automotive industries = reduced labor, product purchases, waste generation and disposal costs (est 1.5 year ROI)

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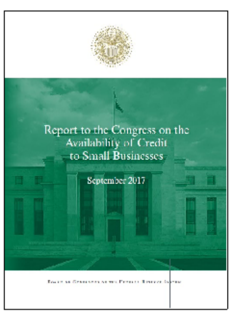
EFAB Charge: Financing Small Manufacturer Pollution Prevention Projects

In Collaboration with: EPA Office of Pollution Prevention and Toxics

Office of Chemical Safety and Pollution Prevention - OCSPP



- Scope of market
- Trends in finance for SMEs
- Major gaps in finance sector
- P2 Finance equation
  - Focus sectors reflect industries with high environmental footprints related to energy, water and toxic chemical releases
  - Identified/quantified impacts to air, water and biodiversity including broad natural resource/climate challenges and more specific human health issues
  - Well understood technology/process change with clear budget parameters
  - Identified increase in free cash or decrease in enterprise risk to justify expenditures and support underwriting

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Financing Small Manufacturer Pollution Prevention Projects

In Collaboration with: EPA Office of Pollution Prevention and Toxics

P2 Definition & Approach

What is definition of "pollution prevention" for this project ?

- ✓ Any practice that reduces, eliminates, or prevents pollution at its source prior to recycling, treatment or disposal (*energy, water, chemicals, other <u>inputs to manufacturing</u>)*.
- ✓ Reducing the amount of pollution produced = less waste to control, treat, or dispose of. Less pollution means fewer hazards posed to human health and the environment.
- ✓ Sustainable supply chains, products, and services are growing market opportunities.

Impacts to: Water, Air, Climate, Land = Long-Term Biodiversity + Human Health

EPA P2 Project Types

- Process Management
- Materials Substitution
- Manufacturing Modifications
- Resource Recovery

Current EPA P2 Programs

- P2 Technical Assistance Grants to National Emphasis Areas
- Highlight Best Practices
- Engage Businesses, Facilities, Organizations, Federal Partners

Environmental & Cost Savings Metrics

- Reductions in hazardous releases and hazardous inputs (pounds)
- Reductions in metric tons of carbon dioxide equivalent: MTCO2e
- Reduced water consumption (gallons)
- Cost savings associated with reducing energy, water, disposal of hazardous waste, MTCO2e

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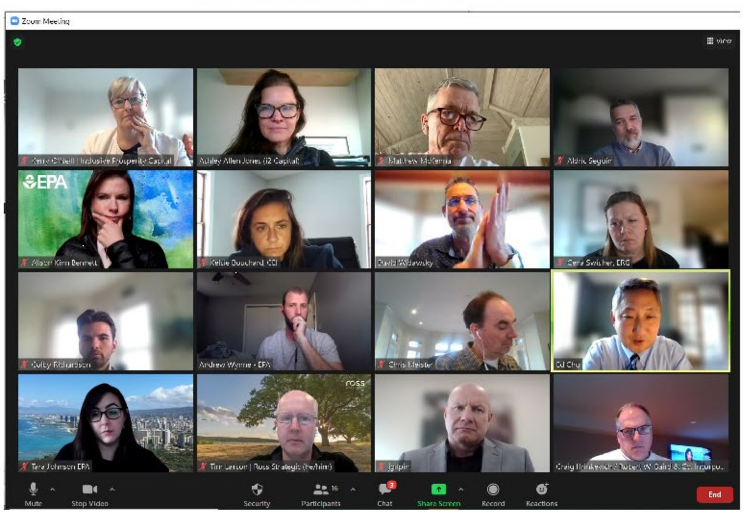
Financing Small Manufacturer Pollution Prevention Projects

In Collaboration with: EPA Office of Pollution Prevention and Toxics

Office of Chemical Safety and Pollution Prevention - OCSPP

Three Finance Forums Convened



Goal: assess barriers to and opportunities for increased financing of SME sustainability efforts to support EPA P2 programmatic strategies and products

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Pollution Prevention Finance Forum #1
Perspectives on Risks and Potential Financing Models & Tools

Matt McKenna, Executive in Residence
Georgetown McDonough
School of Business
Rural Opportunity Initiative

Jeremy Gilpin, Executive Vice President
Greater Commercial Lending

Aldric Seguin, Managing Partner
Global Sustainable Future

Kelsie Bouchard , Portfolio Manager
Coastal Enterprises, Inc.

- Major issue: credit risk - comprised of (i) company level P&L factors, (ii) technology risk, (iii) lack of clarity in cost savings and ROI on projects
- Sector level credit risk – comprised of (i) fragmentation, (ii) business growth characteristics, (iii) lack of transparency about nature and level of challenge (e.g. toxic waste disposal)
- Easiest mechanisms to reduce credit risk: loan guarantees, tax advantaged lending (examples USDA loan guarantees and Rural Business Investment Cos; SBA loan guarantees and SBA Small Business Investment Cos.) Allows private sector to operate with credit that would typically be outside its scope
- Potential to structure financing more effectively using "shared service" or "shared savings" models (ESCOs) or innovative fee-based models (CPACE, etc.)
- Potential to address technology risk through certification, information sharing, sector-based campaigns with established technologies.
- Select CDFIs work deeply within communities to address credit risk in underserved markets and priority economic sectors. Establish relationships with technical assistance organizations and technology experts and to help mitigate risk

Key takeaway: "EPA should focus on reducing the risk of the credit risk profile of the user"

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Pollution Prevention Finance Forum #2
Deep Dive on Specific Tools and Approaches

Catherine Sheehy, Head of Advisory Solutions, Environment & Furniture, UL Consumer & Furniture

Brad Fletcher, Vice President & Treasurer, Illinois Finance Authority

Bert Hunter, Executive Vice President and Chief Investment Officer, CT Green Bank

- Standards and 3rd party certifications can mitigate risks for financial community through clarifying terms, scope, metrics, and measurements, and enabling benchmarking; credible entity standing behind organization to confirm technology strategy.
- Circularity portfolio: UL3600 includes waste aversion validation at a site or across a supply chain to support "circularity of a companies material flow."
- C-PACE (Commercial Property Assessed Clean Energy Program): used across 30 states - counties and municipalities impose standardized, voluntarily "requested special assessment liens" on behalf of property owners. Supports equipment that is permanently affixed to buildings, with financial/collateral ties to plant infrastructure.
- Green Banks: provide financing to private property and business owners to increase energy efficiency of property; 15-year financing. Lend alongside "commercial capital."
- Examples: SME energy efficiency portfolio funded through utility program @ 0% interest; Solar Power Purchase Agreement Program simplifies and reduces cost to deploy solar; loan loss reserve program for primary lenders (e.g. E-Loan provides second loss guarantee to lenders).

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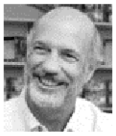
Pollution Prevention Finance Forum #3
Corporate Strategy, Partnerships & Distribution Networks



John Cox, Fmr. CEO, Turkey Hill Dairy, John Cox Consulting

Martin Chilcott, CEO & Founder, Manufacture 2030

Sarah Lee, Governor's Advanced Manufacturing Sector Lead, Washington State Department of Commerce

Frank Altman, CEO, Community Reinvestment Fund

- Think about sustainability as a matter of continuous improvement; analyze the value stream and where the waste is in that value stream and work hard to find an intersection of waste and profitability
- Look for opportunities to partner with people who value things that you don't necessarily value (e.g. excess land for energy generation)
- Consider seeking support from within the value chain (e.g. OEMs seeking sustainability from within their supply chain)
- Look for state-level resources to help support businesses in being "investor ready"; understand what local lenders need.
- Form strategic, targeted parterships with businesses to attract private funding and philanthropy.
- Look at network of Community Development Financial Institutions (CDFIs) across the country that are concerned with "those people that are farthest away from the opportunity." CDFIs are "capillaries of finance" that seek to access hard to reach markets thorough financial engineering (e.g. guarantees from philanthropy and government).
- Look for opportunities to share the cost and complexities across a sector.
- Seek "innovative cluster" potential to expand sustainability in a geographic area in a sector; offer "wrap-around" services that target a specific challenge and solution.

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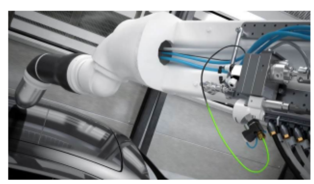
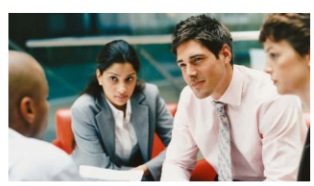
EFAB Recommendations

I. P2 Grant Program
- Focus next round of P2 grants on grantees with expertise in relevant sectors for primary P2 finance opportunities and relevant capacities to advance P2 finance efforts [single industry or group of industries with similar P2 issues]
- Identify and support a cohort of regional P2 pilots that demonstrate robust partnerships for pre-development support (technical assistance) and innovative funding relationships - to serve as P2 "demonstration projects"

II. Education/Training
- Develop sector-based use cases for P2 financing (through grantees or consultants)
- Develop a series of webinars on P2 success cases and factors contributing to success (referencing workshop learnings)

III. Risk Reduction Mechanisms
- Launch technology certification program around priority interventions in one or two focus sectors
- Develop underwriting standards for P2 on specific waste streams within specific industries, in conjunction with trade groups and technical experts
- Explore use of existing and new credit enhancements/guarantee programs (e.g. EPA SRF, SBA, USDA, State-level programs, USDOE, etc.)





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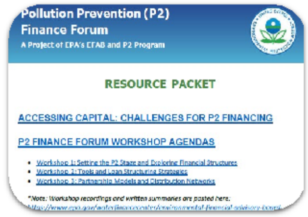
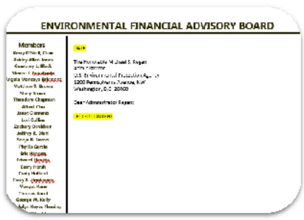
EFAB P2 Charge Deliverables

Pollution Prevention
Finance Forum
Webinar Recordings



Pollution Prevention
Finance Forum
Resource Package



Pollution Prevention Financing
Recommendations Letter

(5-7 Pages)

Pollution Prevention Financing
Conclusions &
Recommendations
(PowerPoint)

Appendix 11. Public Comments

Public Comments Received for Environmental Financial Advisory Board
October 2022 Meeting

Written Comments

- Community and Green Finance Practitioners Collaborative
  COMMENT: (attached)

- Beth Lipson, Opportunity Finance Network
  COMMENT: (attached)

- Cathie Mahon, Inclusiv
  COMMENT: (attached)

- Anne McKibbin, Elevate
  COMMENT: (attached)

Oral Comments

- Adam Kent, Natural Resources Defense Council
  (Comments scheduled for October 18th)
  TOPIC(S): Greenhouse Gas Reduction Fund design and implementation
  ADDITIONAL WRITTEN COMMENT: (attached)

- Gregory M. Baird, Aging Water Infrastructure
  (Comments scheduled for October 18th)
  TOPIC(S): Building "capacity" and affordability via OPEX grants, SaaS technologies, and infrastructure asset management requirements, ESG concerns, and watershed/sewershed ad hoc regionalization "one water" co-ops
  ADDITIONAL WRITTEN COMMENT: (attached)

- Dave Harris, Colorado Clean Energy Fund
  (Comments scheduled for October 18th – in person)
  TOPIC(S): Greenhouse Gas Reduction Fund and the plan for a National Green Bank

- Kevin S. Minoli, Alston & Bird LLP
  (Comments scheduled for October 18th – in person)
  TOPIC(S): Greenhouse Gas Reduction Fund
  ADDITIONAL WRITTEN COMMENT: (attached)

- Monique Harden, Deep South Center for Environmental Justice
  (Unavailable for comment - Comments scheduled for October 19th)
  TOPIC(S): Funding community-led solutions to remedy environmental racism

- Andrew Kessler, New York Green Bank
  (Comments scheduled for October 19th)
  TOPIC(S): Greenhouse Gas Reduction Fund
  ADDITIONAL WRITTEN COMMENT: (attached)

MEMO

DATE: October 11, 2022

FROM: A collaborative of community and green finance practitioners, including:

- Beth Bafford, Calvert Impact Capital
- Susan Leeds, Garrison Associates, founding CEO of New York City Energy Efficiency Corporation
- Jessica Luk-Li, Climate Impact Advisors
- Sadie McKeown, Community Preservation Capital
- Esther Toporovsky, Housing Partnership Development Corporation

TO: The Environmental Finance Advisory Board of the Environmental Protection Agency

RE: Leveraging the community finance industry to ensure the Greenhouse Gas Reduction Fund supports an equitable clean energy transition with immediate impact on household budgets, community health, and quality job creation in low-income communities

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Executive Summary

The Greenhouse Gas Reduction Fund (GHGRF) has the potential to seed, support, and finance local, state and regional activities to drastically reduce greenhouse gas emissions in support of the U.S.'s climate commitments. This landmark legislation is vital to creating an equitable, cross-sector, and collaborative approach to accelerate decarbonization in communities and for populations that have otherwise not benefited from the transition to a clean economy.

The climate crisis is too big and too urgent to take chances on execution. We need to incorporate lessons from across the public, private, and social sectors to do this once and do it right. We need to leverage existing capital infrastructure wherever it exists. We need to finance the deployment of existing technologies and strategies – solar, storage, wind, building electrification, electric vehicles – as widely as possible while supporting our energy infrastructure to prioritize stability, security, access, and affordability.

We are beginning to see an increased level of activity and commitment from the public and private sectors focused on addressing emissions reductions across the U.S. economy to build a net-zero future. If we are going to accelerate the pace of adoption and scale while promoting environmental and energy justice objectives, getting money into markets where it is not currently flowing is critical. We need a coordinated strategy executed by a broad network of community-based lending and finance organizations that currently exist across the country.

This brief memo introduces the community development finance industry to make the case that the many organizations within it are well-positioned to implement the Greenhouse Gas Reduction Fund to meet the legislation's intent: **a targeted and equitable transition that immediately benefits American families while supporting a drastic reduction in GHG emissions.** Mission-based lenders from the community finance sector provide financing for consumers, housing, small business, community facilities, and renewable energy projects in low-wealth communities in every state in the country. They stand ready to act as crucial funding links for decarbonization in the communities they serve.

We see two main drivers of achieving the GHGRF's ambitious goal: activation of demand for clean solutions and flexibility of capital to drive broad adoption.

Activation of Demand: In the absence of regulation, there is currently little to no consumer demand to implement greenhouse gas reduction technologies, especially in low-income and disadvantaged communities. GHG reduction technologies often represent an additional cost and that cost is often perceived as an unnecessary expense. In addition, financial products are not currently including the requirement for GHG reduction in the products they offer their customers.

The Inflation Reduction Act was passed to create the incentives to drive that demand and finance GHG reduction in an economically and environmentally just way. To effectively reach people, we recommend working with lending organizations that already exist to support low-income and disadvantaged communities and have the capacity, trust, networks, and know how to blend economic incentives with the right products and services.

Flexibility of Capital: In addition to meeting demand requirements, it is imperative that the GHGRF capital is flexible in its use and tools available. Flexibility allows lenders to be market responsive and serve customers with different needs in different geographies. Lenders should have flexibility in how to allocate funding between fully repayable loans, forgivable loans, credit enhancements, and grants. Lenders need flexibility to blend GHGRF capital with other sources at the home, project, balance sheet, and community level. Flexibility, however, does not mean that these funds should not come with the highest levels of accountability to ensure maximum GHG emission reductions and the delivery of real-life co-benefits to meet the spirt of the Act.

To effectively bring supply and demand together to meet the capital needs of disadvantaged communities, community-based lenders have the patience, the trust, the capability and the mission to direct this capital appropriately. Historically, community lenders have served as a model for the private sector to show them how to approach difficult to finance markets and drive investment to scale.

In summary, this letter conveys the following:

- Community finance organizations are already active in the GHGRF's target communities across the U.S. providing access to affordable and flexible financial products and services that can easily be adapted to include the adoption of greenhouse gas reduction. Many of them offer quality green products today;

- Community finance organizations have done the hard work of building trust in these communities which will be critical to change household, business, and community-level behavior and drive demand;

- Community finance organizations have a long history blending different sources of funds to drive adoption and demand that will be critical in addressing the current cost barriers preventing adoption of GHG technologies today, especially impacting the multifamily, energy efficiency, electrification, low-income solar, and electric vehicle industries. Cost barriers cannot be overcome with financing alone and require a deft combination of subsidized financing, forgivable loans and cash incentives;

- Community finance organizations have a proven track record managing public funds and leveraging private capital to drive results, with the highest levels of transparency and reporting. This track record will be critical so that the EPA can be confident deploying the funds flexibly.

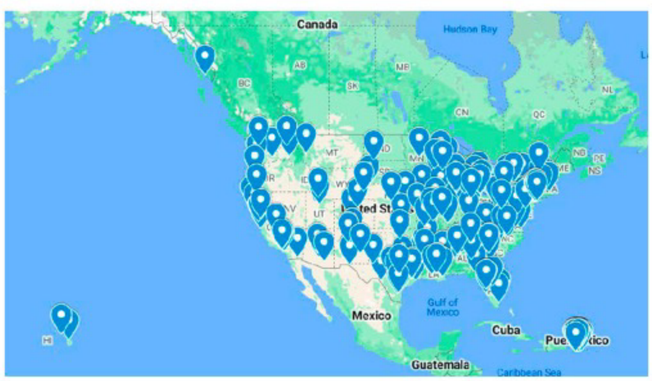
As the Environmental Finance Advisory Board works with the EPA to discuss, develop, and design the implementation of the Greenhouse Gas Reduction Fund, we hope this memo provides a helpful landscape of the infrastructure that currently exists and is ready for activation at scale. We welcome more detailed discussions about strategy and execution if and when it is helpful.

I. There are a wide variety of community-based organizations providing access to affordable financial products and services to low- and moderate-income households, businesses, and communities, all of whom qualify as direct or indirect investees under the Greenhouse Gas Reduction Fund provision.

Credit Unions

There are more than 5,000 credit unions across the country, of which approximately 500 are designated as Community Development Credit Unions, Minority Depository Institutions, and/or Community Development Financial Institutions (together, "CDCUs"). These CDCUs have a combined $220 billion in assets and provide access to quality, affordable financial products and services to their cumulative 15 million members. There are CDCUs in all 50 states and many in Puerto Rico and other territories. Many CDCUs have been lending in their communities for more than thirty years and have developed deep trust and relationships with their members.

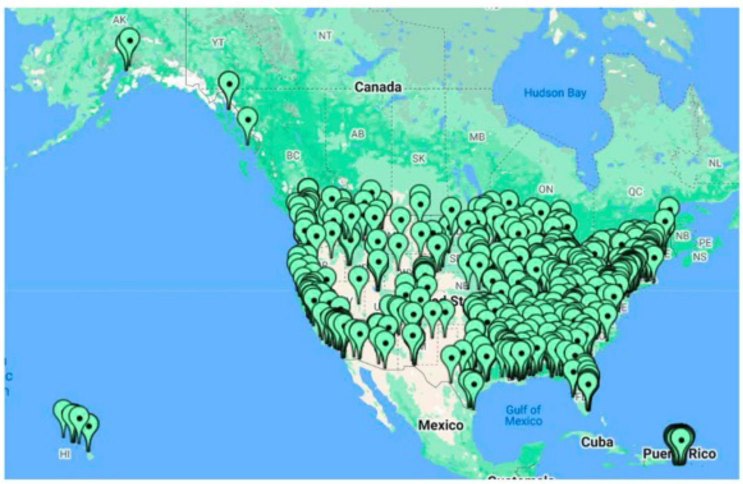
Map of CDCUs across the country



Community Development Financial Institutions

There are 1,378 organizations designated as Community Development Financial Institutions across the US, of which 573 are structured as loan funds ("CDFI Loan Funds"), the majority of which are non-profit organizations. There are also more than 60 certified Native CDFIs located in 23 states. CDFIs have a combined $200 billion in assets, of which CDFI Loan Funds have approximately $25 billion in assets and provide access to quality, affordable financial products and services to their defined "target markets." The industry is designated by and reports to the U.S. Treasury Department. CDFIs exist to support low- to moderate-income communities' investment and financial needs. At least 60 percent of any CDFI's lending must go to benefit their target market every year. There are CDFIs in all 50 states, the District of Columbia, and U.S. Territories and there are numerous CDFI Loan Funds with a national footprint.

Map of all certified CDFIs across the country (pins are headquarters)



Many CDFIs have been lending in their communities for more than thirty years and have developed deep trust and relationships in the communities they serve, and in addition to capital, they provide a wrap-around service model, coupling training and one-on-one technical assistance to their clients to support borrower success.

Non-profit real estate and solar developers

There are thousands of non-profit developers of affordable housing and/or solar projects across the country. A subset of some of the largest housing developers have developed a combined $20B in real estate for the benefit of low- and moderate-income communities. These developers are active in all of the 50 states and many have a national footprint.

Many of these developers have been developing affordable housing for decades and solar for the past 10+ years and have built deep trust and relationships in the communities they serve. They have active portfolios of properties – with hundreds of thousands of units of affordable housing – that could be rapidly decarbonized with access to the right resources.

Specialty finance organizations

In addition to all of the organizations above, there are specialty finance and/or development organizations that are purpose-built to bring access to clean energy and clean energy technologies to low- and moderate-income communities. These include organizations like:

- PosiGen, a solar finance organization, works to make solar affordable and easy to access through their solar leasing program, especially for low-income communities.
- Solstice, a community solar organization, organizes and enrolls low-income subscribers so they can benefit from affordable solar gardens
- Sunwealth, a clean energy investment firm that finances and manages solar projects in and for low-income communities, partnering with local installers and community-based organizations to drive cost savings, carbon reduction, and quality job creation.
- Sustainable Capital Advisors, a specialty financial advisory firm connecting investors with clean energy infrastructure
- Urban Ingenuity, a specialty finance firm that pairs technical support with innovative financing to support local solar and energy efficiency projects

…among many others, who are active in communities across the country and would be critical to support and activate to meet the goals of the GHGRF.

II. These community finance organizations provide financial products and services that are (a) driving the reduction of GHG emissions in low- and moderate-income communities or (b) could be quickly adapted to drive the reduction of GHG emissions in low- and moderate-income communities.

Consumer loans

There are more than $40 billion in consumer loans currently in the portfolios of the community finance organizations listed above, largely made by CDCUs. Many already offer green lending products, but all of the products below can be adapted to support the adoption of clean technologies at the household level with the help of low-cost capital, technical assistance, credit enhancement, and grants from the GHGRF.

Existing product	***Green product(s)***
Unsecured consumer loans for home upgrade or repair	• Unsecured consumer loans for home upgrades, including heat pump installation, electric water heaters, and other energy efficiency upgrades • Unsecured consumer loans for more efficient and/or smart home appliances
Secured auto loans to purchase new or used vehicles	• Secured auto loans for new or used electric vehicles
Home mortgages	• "Green" mortgages that provide pricing incentives for homes purchased that meet certain low-carbon standards

Small business loans

There are more than $20 billion in small business and commercial real estate loans currently in the portfolios of the community finance organizations listed above, largely by CDFIs and CDCUs. Many already offer green lending products, but the following products can be adapted to support renewable energy and energy efficiency for the country's 30 million small businesses with the help of low-cost capital, technical assistance, credit enhancement, and grants from the GHGRF.

Existing product	***Green product(s)***
Secured small business loan for building renovations or upgrades	• Secured loans for energy efficiency and renewable energy upgrades for business properties • Small scale C-PACE loans where C-PACE is enabled, bringing attractive financing to a broader set of commercial and industrial buildings
Equipment financing	• Equipment financing for EV or more fuel-efficient long-haul trucks • Equipment financing for more efficient or renewable industrial equipment
Agriculture financing	• Working capital loans to finance the adaptation of sustainable farming practices • Purchase of additional farmland to expand regenerative agriculture

Housing and facility loans

There are more than $45 billion in multi-family housing and community facilities (e.g., schools, health centers, community centers, etc.) loans currently in the portfolios of the community finance organizations listed above, largely by CDFI banks and loan funds. Their products below can continue to be adapted to support deeper energy efficiency and net zero properties with the help of low-cost capital, technical assistance, credit enhancement, and grants from the GHGRF.

Existing product	***Green product(s)***
Pre-development and acquisition financing	• Pre-development and acquisition financing to support new construction or preservation of affordable housing with pricing incentives to develop to net-zero or near net-zero standards
Construction financing for new construction or substantial renovation	• Loans to support new construction or substantial renovation of affordable housing buildings with pricing

	incentives to develop to net-zero or near net-zero standards
Permanent financing for buildings	• "Green" mortgages that provide pricing incentives for buildings that agree to meet certain net-zero or near net-zero standards and commit to ongoing improvements to lower emissions

In addition to new lending for construction or substantial rehabilitation, there is a large opportunity to take the existing housing portfolios of community-based lenders and developers to incentivize energy efficiency and clean energy upgrades through targeted grant programs. This would provide fast and direct access to reduced energy costs for hundreds of thousands of units of affordable housing through a pre-identified and trusted distribution network.

Solar development

There is $1-2 billion of lending or investment that community finance organizations have provided to develop household rooftop, commercial, and/or community solar for the benefit of low- and moderate-income communities. The following products are already in the market and could be dramatically expanded with access to the right mix of grants and low-cost, long-term debt.

Green product(s)
• Construction to permanent financing for solar development with pricing scale dependent on income levels of subscribers
• LMI revenue guaranty to guaranty payments of LMI subscribers for a period of time while payment risk is uncertain
• Pre-development equity and/or loans to solar developers for project preparation with a focus on projects with a significant portion of LMI subscribers

III. The Inflation Reduction Act includes many incentives for clean technologies that will not reach low- and moderate-income communities if they are not paired with an attractive package of support, including no- or low-cost financing and technical, hands-on services, through trusted partners.

Past efforts to use tax credits or rebates to incentivize consumer behavior have failed to reach low-income communities because, among other things, 1) these communities and individuals do not tend to have a high tax burden, 2) they are not often the target of market education or outreach and outreach that is done is not presented in a culturally competent way, and 3) it is not often a top priority of a family or individual when other challenges abound. If the new tax credits, rebates, and other incentives in the Inflation Reduction Act are to meet the Biden Administration's environmental and energy justice goals, these incentives need to be paired with extremely attractive financial packages with hands on technical support provided through trusted local institutions.

For example, a discount on an electric vehicle from $50,000 to $42,500 still makes that vehicle completely out of reach for most American families. But if a community development credit union, with the help of credit enhancement from the Greenhouse Gas Reduction Fund in the form of a loan loss reserve or guarantee provided by an intermediary, could offer $0 down, 0% long-term financing to a family to purchase the $42,500 EV, monthly payments could reach a level that is more palatable for a much broader set of families. This especially true if this offer is provided by a credit union that the family already knows and trusts with other financial products.

Similarly, the Whole Home Energy Reduction Rebates can provide up to $8,000 in rebates for households that are under 80 percent of Area Median Income but this requires significant work of the renter or homeowner to identify a contractor, conduct an assessment of the home's energy savings potential, pay out of pocket for the contractor's services, and then submit the paperwork required to qualify for the rebate. Instead, a local community lender could partner with a network of qualified contractors to go door-to-door in neighborhoods to offer these services at no upfront or ongoing cost to the family. This could be provided by a mix of grants and low-cost loans to the lender so they can offer a financing package that includes both the value of the rebate as well as the value of ongoing energy savings with a guarantee not to increase (and likely decrease) the family's monthly payments. Some of the funds could also provide added incentive for the contractor to ensure they focus on providing services in low-to moderate-income communities.

For building owners and developers, changing behavior and influencing design remains a challenge unless paired with economic incentives and hands-on support. Developers of multi-family housing and other commercial buildings will have access to new incentives but will be unlikely to take advantage of them unless they are packaged in a way that meets the developer or owner where they are. Construction, C-PACE, and mortgage lenders to these properties should leverage funds from the GHGRF to provide a combination of low-rate financing and technical support to create a near friction-less process. This provides the developer or owner with clear instructions of how to adapt design to meet the lowest-carbon standards and offsets any upfront increases in costs with an overall reduction in their cost of financing.

We know behavior change, especially for things in people's lives that aren't necessarily "broken" like their gas-fueled car, existing HVAC systems, or current business practices, take very intentional, economically attractive, and relationship-driven approaches to be successful.

IV. The success of this legislation will be dependent on the funds coming out of the federal government in a way that intermediaries, local lenders, and community-based organizations can flexibly deploy and use.

In addition to the benefits of the on-the-ground capacity of the existing community finance industry, these organizations also have experience taking, leveraging, and reporting on government funds for the benefit of low- and moderate-income communities. It is paramount for the GHGRF capital to have maximum flexibility. If funds come with too many strings attached it will greatly hinder deployment, particularly fast deployment. The EPA should hold firm to its primary goal of reducing GHG and allow the lenders in the program to determine how to use that capital to create and enhance products to reach it.

For example, it will be critical for funds invested in low-income and disadvantaged communities that Davis Bacon requirements are not applied to the end project, business, or asset. These requirements have greatly hindered previous programs from reaching the Act's targeted communities.

For the EPA to get comfortable with deploying funds flexibly, they must recognize that the organizations involved in implementation have a track record of appropriately managing, deploying, and reporting on the use of government funds. The majority of organizations in the community finance industry have decades of experience taking federal, state, and local government funds with extremely minimal waste, fraud, or abuse. For example, the amount of fraud in large and quickly implemented government programs like the Paycheck Protection Program (PPP) is staggering when the flexibility/accountability balance is off kilter. But the PPP funds deployed by CDFI lenders have been shown to have greater reach into low- and moderate-income communities with much lower levels of fraud and abuse (more detail on PPP in the appendix). Similarly, defaults for first time homebuyers working with local non-profit lenders have a significantly lower default rate than that of other mortgage lenders because of the hands-on and personalized lending approach.

V. The quickest way to ensure that the Greenhouse Gas Reduction Fund reaches low- and moderate-income communities to reduce their household energy costs, improve their air quality and health, and mitigate climate change is to leverage this existing infrastructure and allow community lenders to provide a mix of grants and affordable capital to low-income and disadvantaged communities.

Taken together, the path to the fastest, most equitable impact of the Greenhouse Gas Reduction Fund will come by matching the broad and deep capacity of the community finance industry with tailored, targeted demand generation at the local level. Doing this will require a coordinated strategy that can support this broad network with the right mix of capacity building, technical support, credit enhancement, and low-cost capital. Strong existing networks and intermediaries exist across the entire community finance sector, allowing rapid mobilization of new products and the sharing of best practices across the entire field.

We highly recommend that this industry is allocated a sizable portion of the EPA GHGRF awards to complement the work of other lenders looking to drive green technology and broader private capital market transformation.

APPENDIX A: Background of author organizations

About Calvert Impact Capital

Calvert Impact Capital is a global nonprofit investment firm that helps all investors and financial professionals invest in solutions that people and the planet need. During its 27-year history, it has mobilized over $4 billion of investor capital from more than 20,000 investors into more than 500 community finance organizations in the US and over 100 countries. Every dollar lent or invested is leveraged at least 30 times, catalyzing more than $7 billion annually into communities.

Over the last three years, Calvert Impact Capital has expanded to offer a suite of products and services to support the scaling of impact markets, including two new products, one focused on reducing carbon in commercial buildings and one supporting unbanked small businesses. These products will leverage traditional financial structures to drive deeper impact at institutional scale. Calvert Impact Capital also offers loan syndications and capital advisory services, including consulting on and structuring loans for institutional and accredited lenders seeking environmental and social impact. Since 2018, Calvert Impact Capital has arranged more than $750 million of capital for private impact transactions.

About Climate Impact Advisors

Climate Impact Advisors provides strategic advice to environmental lenders, government, and non-profits. Our mission is to accelerate the development of green financing markets in order to fight climate change. As former green bank practitioners, we bring our firsthand experience to address the unique and complex challenges facing policymakers and mission-driven financial intermediaries.

About Community Preservation Corporation

CPC is a nonprofit multifamily finance company that was founded in 1974 to provide financial resources to stabilize and revitalize underserved communities. Today, CPC uses its unique expertise in housing finance and public policy to expand access to affordable housing and drive down the costs of housing production, advance diversity and equity within the development industry, and impact the effects of climate change in our communities through the financing of sustainable housing. Since its founding, CPC has invested over $14 billion to finance the creation and preservation of more than 225,000 units of housing through its lending and investing platforms. CPC is a carbon-neutral company and has been rated AA- by S&P.

About Housing Partnership Development Corporation

The Housing Partnership serves as New York City's primary not-for-profit intermediary for the development of new and rehabilitated affordable housing. For almost four decades, the Housing Partnership has facilitated partnerships among private sector developers and financial institutions and City, State and Federal agencies, resulting in the development of over 60,000 affordable homes. This stimulates economic activity and revitalizes neighborhoods.

About Susan Leeds and Garrison Associates

Susan was the founding CEO of the New York City Energy Efficiency Corporation (NYCEEC) for eight years where she still serves on the Board and Executive Committee. NYCEEC was one of the first green banks in the country. Susan is also a consultant to green banks, NYSERDA, the Massachusetts Clean Energy Center, energy resource hubs in various jurisdictions, and early and growth stage clean tech companies.

APPENDIX B: Lessons from the Paycheck Protection Program

When COVID hit our economy in March 2020 and tens of millions of small businesses across the country shut down, we got a rare, system-wide glimpse of the glaring shortcomings in our banking system. If the banking system was an electric grid – connecting capital from the sources to individual businesses – we learned quickly that a massive share of our economy was in the dark.

The federal government's response for small businesses was mostly through the Paycheck Protection Program (PPP), which was set-up to distribute funds through banks to existing customers. What the federal government failed to contemplate was that the vast majority of the country's 30 million small businesses are not banked by a traditional financial institution and thus had an extremely difficult time accessing these critical relief funds.

A recent analysis of the Paycheck Protection Program (PPP) found that seventy two percent of PPP funds were captured by households with incomes in the top twenty percent, adding to study after study that show the enormous disparities in its distribution.

PPP in its initial form was not set-up for community finance organizations to actively participate. It wasn't until the enormous disparities came to light that the SBA and the Federal Reserve changed their policies accommodate more non-bank lenders. The SBA started creating set-asides for CDFI lenders and the Federal Reserve opened up its PPP Liquidity Facility so that CDFIs could sell loans to the Fed in the same manner as traditional banks. Once these policy changes were implemented, there was an enormous increase in PPP lending from certified CDFIs, who ended up doing more than $34 billion of PPP loans throughout the program.

Overall, CDFI lenders were much more successful at reaching the smallest, community-based businesses and businesses located in low-income communities. CDFIs did nearly 80 percent of their lending for less than $150,000 loan sizes versus a program average of 50 percent and 40 percent of CDFI lending went to low-income communities versus a program average of 28 percent.

PPP and other COVID relief and recovery programs provide a relevant and recent test case of how to leverage government support to scale lending in low- and moderate-income communities to support populations that exist outside of the traditional finance sector. The Biden Administration was wise to lean on CDFIs as a critical distribution channel to drive their desired reach and results.

Sources:

CDFI Fund ACR Report. https://www.cdfifund.gov/sites/cdfi/files/2021-10/ACR_Public_Report_Final_10062021_508Compliant_v2.pdf

CDFI Fund Certification List as of 9.14.22. https://www.cdfifund.gov/sites/cdfi/files/2022-09/CDFI_Cert_List_09_14_2022_Final.xlsx

CDFIs Continue to Outperform Other PPP Lenders. https://www.ofn.org/cdfis-continue-outperform-other-ppp-lenders/

OPPORTUNITYFINANCE NETWORK

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

October 11, 2022

Dear Administrator Regan:

On behalf of Opportunity Finance Network (OFN) I am writing to urge you to work with the nation's extensive network of community development financial institutions (CDFIs) to ensure the Greenhouse Gas Reduction Fund (GGRF) reaches the underserved communities most impacted by climate change. I would also like to request a meeting with the appropriate EPA leadership to discuss how CDFIs can help GGRF achieve the Biden-Harris Administration's policy goals.

OFN is a national network of more than 380 CDFIs. CDFIs are specialized lenders - community development banks, credit unions, loan funds, and venture capital funds – that invest to benefit low-income and low-wealth communities across America. OFN's membership has originated $91 billion in cumulative financing in urban, rural, and Native communities through 2020.[1]

CDFIs and the Federal Government: Partners in Advancing Environmental Justice

The Environmental Protection Agency (EPA) has an opportunity to design a GGRF application process that ensures good stewardship of these public funds. To achieve the goals of the GGRF, it is critical the providers of these funds have a track record of serving low-income communities, not just a history of providing green products.

As mission lenders with specialized expertise in reaching underserved markets, CDFIs are ideally positioned to finance projects that reduce greenhouse gas emissions. Clean energy finance in low-income communities requires specialized lending expertise. Investing in the clean energy technologies needed to reduce emissions is unaffordable for many households and communities – especially those already underserved by traditional finance.

Low-income homeowners seeking financial assistance to purchase upgraded heat pumps or install solar panels will face the same barriers to accessing capital as they do when seeking a mortgage. A corner store owner looking to upgrade their refrigeration system might not have the collateral or cash flow needed to secure a bank loan to invest in that technology. Ensuring that GGRF capital reaches low-income and disadvantaged communities requires partnering with financial institutions that already have the trust and relationships on the ground.

The CDFI Model: Investing in Communities Other Lenders Overlook

[1] Opportunity Finance Network, "Inside the Membership: Statistical Highlights from OFN Membership: 2020", Published April 14, 2022. Accessed July 1,2022.
https://cdn.ofn.org/uploads/2022/04/14153742/OFN_Inside_The_Membership_FY2020.pdf

CDFIs are mission lenders with the networks and relationships needed to deploy capital to low-income, under-resourced, and traditionally marginalized communities. As capillaries of the financial system, CDFIs reflect and understand the communities they serve. There are more than 1,300 Treasury-certified CDFIs investing in all 50 states and financing sectors with nearly 40% of CDFI lending in persistent poverty areas.[2] As a condition of maintaining their certification, CDFIs are required to direct at least 60% of their financial products to low-income areas or people in their Target Markets – a threshold most CDFIs easily exceed.[3] Data from the CDFI Fund's 2020 Annual Certification Report found that on average loan funds and venture capital funds direct at least 88% of their lending to their Target Markets, and regulated CDFIs direct at least 75% of their lending to their Target Markets.[4]

CDFIs are also experts in the type of place-based investing needed to address localized needs of climate-impacted communities. The overlap between low-income markets and climate-impacted communities intersects with many markets served by CDFIs: flood prone areas like New Orleans 9th ward, manufactured housing communities impacted by extreme heat in the Southwest, farmworkers and rural communities displaced by wildfires in California, coastal communities of color in Florida and along the Gulf Coast – all communities served by mission lenders working to address the impacts of climate change.

Further, CDFIs are experts at leveraging philanthropic, public, and private capital and collaborating with other lending institutions including impact investors, community banks, green banks, and other CDFIs. For example, the Treasury Department has found that CDFIs leverage a grant investment 8:1 with private sector investment from banks, foundations, and other impact investors.[5] CDFIs will be able to leverage capital from the GGRF with other funding, deepening its impact.

CDFI Green Lending in Underinvested Markets

[2] Loethen and Fabiani, "Persistent Poverty and the Prevalence of CDFIs", OFN, (2021).
[3] The CDFI Fund defines an approved target market or eligible market, as one or more investment areas or targeted populations. Investment area refers to a geographic area that meets requirements set forth in Title 12, Section 1805.201(b)(3)(ii)(D), of the Code of Federal Regulations with a significant unmet need for loans, equity investments, or other financial products or services or is wholly located within an Empowerment Zone currently in effect or Enterprise Community (as designated under Section 1391 of the Internal Revenue Code of 1986 [26 U.S.C. 1391]). Target populations consist of individuals from the following populations: Low-income targeted population is defined as individuals whose family income, adjusted for family size, is not more than (1) for metropolitan areas, 80% of the area median family income in metropolitan areas; and (2) for non-metropolitan areas, the greater of 80% of the area median family income or 80% of the statewide non-metropolitan area median family income. Other targeted populations include African Americans, Hispanics, Native Americans, Native Alaskans residing in Alaska, Native Hawaiians residing in Hawaii, other Pacific Islanders residing in other Pacific Islands, and other groups with CDFI Fund approval.
[4] CDFI Annual Certification and Data Collection Report (ACR): A Snapshot for Fiscal Year 2020, Published October 2021. https://www.cdfifund.gov/sites/cdfi/files/2021-10/ACR_Public_Report_Final_10062021_508Compliant_v2.pdf
[5] Remarks by Secretary of the Treasury Janet L. Yellen on $1.25 Billion Award to CDFIs to Support Economic Relief in Underserved Communities Affected by COVID-19, June 15, 2021.

The nation's network of CDFIs has tremendous capacity to address the energy and environmental challenges facing economically distressed communities. In 2020, OFN members originated more than $8 billion in financing, with a majority of members indicating they offer green financing products.

As noted above, CDFIs MUST lend or invest in low- and moderate-income communities as a condition of maintaining their certification with the CDFI Fund. While some green banks invest in low-income neighborhoods, they are not required to do so and, in some instances, may lack the community relationships needed to ensure this capital reaches low-income and disadvantaged communities. The urgent need to curb emissions in low-income communities must not be left to chance – EPA needs to work with CDFIs to ensure these funds reach targeted communities.

Federal Programs that Partner with CDFIs Reach More Underserved Markets

The GGRF should be designed with an intentional focus on low-income, climate-impacted communities and the mission lenders that serve them. The Paycheck Protection Program (PPP) experience demonstrated that when affordable capital is coupled with supportive public policy, CDFIs not only deliver but outperform other lenders – reaching deeper into low-income markets than traditional financial institutions. Lessons learned through the PPP experience can improve outcomes for other public-private partnerships like the Greenhouse Gas Reduction Fund (GGRF).

When PPP was not reaching businesses most in need of help, the federal government turned to the CDFI industry to ensure PPP and other pandemic relief reached these overlooked markets. Policy changes were implemented to increase CDFI participation and reach more of their small businesses customers. As a result, CDFIs and other mission lenders made at least $34 billion in Paycheck Protection Program (PPP) loans to small businesses – and, according to SBA statistics, were more successful at reaching financially underserved businesses than any other type of PPP lender.[6]

As the federal government contemplates the structures of the new GGRF, there is an opportunity to adopt two major lessons from PPP:

1) Centering the needs of low-income and disadvantaged communities in program design produces better policy outcomes
2) CDFIs can deliver rapid and targeted deployment of federal funds to underserved markets when supportive policy changes are coupled with adequate capital and capacity building resources

Other programs that prioritize CDFI participation like the Small Business Administration's 7(a) Community Advantage (CA) program and Microloan program are far more successful at reaching underserved populations. Data from the SBA shows Community Advantage lenders reached more than three times as many Black, Latinx, and women-owned businesses as traditional 7(a) lenders – between FY 2016 and FY 2021, CA lenders lent an average of 5.6 times more dollars to Black owned businesses and an average of 2.5 times more dollars to Hispanic owned businesses than

[6] Jennifer A. Vasiloff, "CDFIs Continue to Outperform Other PPP Lenders", OFN, May 2021. https://ofn.org/articles/cdfis-continue-outperform-other-ppp-lenders

7(a) lenders.[7] CA lenders also lent twice as many dollars to women owned businesses than 7(a) lenders. More than half of Community Advantage lenders are certified CDFIs, while the 7(a) program has only a handful of CDFI participants. In the SBA's microloan program which also has robust CDFI participation, more than 60% of the number of microloans issued in FY 2021 went to minority-owned or controlled businesses.[8]

Recommendations for Equitable, Targeted Deployment of GGRF

OFN has recommendations to ensure program funds reach the targeted communities:

- **Leverage the extensive existing network of CDFIs to ensure rapid, equitable investment in all 50 states, across rural, and urban areas, and throughout the economy.** To decarbonize all sectors of the economy, commercial, residential, and consumer, across all 50 states, we must take advantage of the power of the full existing ecosystem of CDFIs. We urge EPA to make it explicit that CDFIs are eligible to access these funds as direct or indirect recipients. To ensure the program meets its statutory intent to reach low-income and disadvantaged communities, CDFIs that meet the statutory definition of eligible recipients should be able to apply directly to the EPA individually or as part of a consortium.
- **Develop a separate application for the $8 billion in funding targeted to low-income and disadvantaged communities.** The EPA should develop separate applications to allocate the $20 billion in GGRF financial assistance not directed to state governments. The $8 billion in funding designated to low-income and disadvantaged communities requires specialized market expertise. Applicants should be prioritized based on their track record and accountability to low-income and disadvantaged communities. The CDFI Fund's certification process ensures certified CDFIs are accountable to these markets.
- **Prioritize Environmental Justice.** EPA should consider the current $8 billion set-aside in the legislation for low-income and disadvantaged communities as a floor and not a ceiling and include impact for these communities as a funding criterion for awards of funds not set aside for that purpose. The $12 billion should also conform to the Justice40 Initiative and target low-income and disadvantaged communities.
- **Allocate funding to multiple entities.** GGRF funds should not capitalize a single entity or revolving loan fund. Having multiple recipients increases the government's ability to achieve its policy and allows lenders to develop customized solutions to meet their community needs. GGRF funds must also be flexible enough to provide grants to lenders and end projects. CDFIs and other mission lenders need flexible, low-cost, and long-term financing to subsidize projects that have high upfront costs. Investments in energy efficiency are difficult for low-income households and communities to finance despite the prospect of long-term savings on energy costs and reduced greenhouse gas emissions.

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[7] SBA Weekly Lending Reports
[8] Anthony A. Cilluffo and Anthony A. Cilluffo, "Small Business Administration Microloan Program", Congressional Research Service, March 30, 2022, https://sgp.fas.org/crs/misc/R41057.pdf

GGRF dollars must flow to lenders and subrecipients at least partially as grants to incent these types of investments in low-income communities.

- **Define "low-income and disadvantaged communities" using the established definition of an eligible "Target Market" used by the CDFI Fund** The legislation does not define the terms "low-income and disadvantaged communities" so EPA should adopt the existing definition of an eligible "Target Market" used by the CDFI Fund. This definition meaningfully captures low-income and underserved communities, including consideration of individual borrower characteristics as well as the communities where borrowers are located. Adopting it would create standardization and lower costs of compliance as thousands of mission lenders already track and report lending activity according to CDFI Fund Target Market definitions.
- **Recognize that small scale is not low impact.** Distributing funds through a network of lenders like CDFIs means smaller projects will receive consideration. As the Carsey Institute notes in the context of small-scale solar projects, "A variety of obstacles contribute to the scarcity of financing for low-income solar, including small project sizes, lack of developer balance sheet capacity, both real and perceived issues with credit risk, elevated technical assistance needs, and greater subsidy requirements to pursue goals such as deep energy affordability, climate resilience, or job creation."[9] It is also important to balance deployment speed with deep community impact. Deploying this capital in a way that funds projects and builds CDFI capacity will result in the sustained investments needed to combat greenhouse gas emissions.
- **Ensure a broad range of projects are included as eligible activities.** There is no "one-size fits all" approach to curbing emissions. Rather, it will require investing in a broad set of projects and interventions based on community needs. CDFIs are working across the country to address the climate crisis. The included appendix features CDFIs that received grant funding through OFN's Renewable and Energy Efficiency Financing Grant Program. Between 2019-2022, OFN provided $5.25 million in grants to OFN members focused on a wide variety of renewable and energy efficiency financing projects. Small investments of grant capital will catalyze the creation of innovative new green loan products, development of new funds focused on energy efficiency, and more.

Conclusion

Environmental hazards and climate-driven disasters disproportionately impact low-income communities. The federal government needs CDFIs to implement the Greenhouse Gas Reduction Fund successfully. Even without direct federal support for clean energy financing, CDFIs have financed businesses and projects that reduce greenhouse gas emissions and air pollution and are

[9] Eric Hangen, Rebecca Regan, Sarah Boege, "Bringing Solar Energy to Low- and Moderate-Income Communities", Published April 23, 2021. https://carsey.unh.edu/publication/bringing-solar-energy-low-moderate-income-communities

poised to do much more. OFN and our network of CDFIs stand ready to partner with EPA to make meaningful progress on reducing greenhouse gas emissions, particularly in the low-income and disadvantaged communities prioritized in the law.

Sincerely,

Beth Lipson
Interim President & CEO, Opportunity Finance Network

Appendix: Examples of CDFI Green Lending from OFN's Energy Efficiency Grants

Bluehub Capital, based in **Boston, MA** created an electric vehicle (EV) pilot program using vehicle-to-grid (V2G) technology to lower the costs and increase the reliability of a car for low-income households, identify barriers to low-income household adoption of EVs, and recommend policy changes and business initiatives that enable low-income households to transition from gas to EVs.

Capital Good Fund, based in **Providence, RI** is planning to expand their DoubleGreen loan program for energy-efficiency upgrades. Designed to serve the needs of moderate-to-middle income homeowners with less-than-perfect-credit, the loans serve to upgrade wall insulation, duct sealing, high-efficiency heating & cooling equipment to make your home more energy-efficient and safe. Currently serving Rhode Island, Florida, Massachusetts, Delaware, Illinois, and Texas with hopes of expansion.

Cincinnati Development Fund, based in **Cincinnati, OH**, created the Affordable Energy Fund, targeting developer-borrowers who are creating affordable, multi-family housing in the high-poverty neighborhoods CDFIs serve. The Affordable Energy Fund provides low-cost mezzanine debt as incentive for developers to identify energy-efficiency solutions, proper implementation, while preventing the creation of a financial barrier for low-incomes through the added cost of energy-efficient systems.

City First Enterprise, based in **Washington, DC** is launching the Small Business Renewable and Energy Efficient Fund (REEF) in partnership with Montgomery County, MD's Green Bank. In the first phase, the organizations will provide a $650,000 loan fund of secured and unsecured debt to Montgomery County-based small businesses to accelerate adorable energy efficiency and clean energy.

Community Loan Fund of the Capital Region, based in **Albany, NY** is supporting affordable housing developers moving into the economically distressed neighborhoods of Arbor Hill and Sheridan Hollow to build-out green infrastructure. They also help nonprofits who serve residents in those communities make energy updates to their buildings providing cost savings to their limited budgets. All funds are combined with sustainability education for new and existing residents.

Kentucky Highlands Investment Corporation, based in **London, KY,** makes loans to small businesses for energy efficiency improvements and retrofits so they can reduce operating costs to remain competitive. KHIC has a program that combines energy projects with the USDA's Rural Energy for America Program (REAP) loan and grant program to a achieve a 3:1 leverage. Only agricultural producers and rural small businesses are eligible to apply for REAP funds. REAP is a competitive renewable energy and energy efficiency improvement reimbursement program that makes grants up to 25% and loan guarantees up to 75% of eligible costs.

Neighborhood Housing Services of South Florida, based in **Miami, FL** is expanding their operations to provide innovative solutions to communities facing an affordable housing crisis and residential as well as business displacement due to climate change, natural disasters, gentrification, and unexpected economic hardships, such as a pandemic.

New Jersey Community Capital, based in **New Brunswick, NJ** finances projects that upgrade and improve energy efficiency of housing units and other facilities and may lead to LEED certification. Through their Healthy Communities Fund, they provided the financial resources and development expertise to drive the construction of safe, affordable, stable, and environmentally sound housing opportunities in an effort to realize better health outcomes in distressed neighborhoods.

Northeast South Dakota Economic Corporation, based in **Sisseton, SD** will use the grant to educate and provide lending for upgrading or purchasing new energy-efficient products to business loan customers. Providing education to customers on energy-efficient products that will enhance small businesses and lower operating costs.

Opportunities Credit Union, based in **Winooski, VT,** created a loan program for energy-efficient home appliances with affordable monthly payments for low-income homeowners in Vermont.

Rural Community Assistance Corporation, based in **West Sacramento, CA**, created the Biomass Utilization Fund (BUF), a pilot lending program designed to reduce wildfire risk by using low-value forest wood (biomass) to generate sustainable energy and employment for low-to-moderate-income (LMI) rural Californians.

The National Housing Trust Community Development Fund, based in **Washington, DC** will use the grant to support the Energy Efficiency for All (EEFA), a collaborative that brings together state and local groups from across the country to help increase energy efficiency investment in multifamily housing.

Triple Bottom Line, based in **Lakewood, Colorado** will use the grant to expand and create a loan loss reserve for their work in providing technical assistance and financing for energy efficiency and renewable energy improvements in multifamily affordable housing properties serving low-income residents.

Virginia Community Capital, based in **Richmond, VA** operates a Clean Energy Lending program by providing solar loans for direct ownership, to small businesses and for third party ownership using power purchase agreements (PPAs) for nonprofits. Virginia Community Capital is also looking to expand this program geographically, and lend in contiguous states (North Carolina, Tennessee, Kentucky, West Virginia, Maryland, and Washington DC).

/ inclusiv /

October 11, 2022

Ed Chu, Designated Federal Officer
U.S. Environmental Protection Agency
Environmental Financial Advisory Board
1200 Pennsylvania Avenue, NW
Washington, DC 20460

RE: Environmental Financial Advisory Board October 2022 Public Meeting

Dear Mr. Chu:

Thank you for the opportunity to submit comments to inform the October 2022 Public Meeting of the Environmental Financial Advisory Board (EFAB). Our comments will focus on the Greenhouse Gas Reduction Fund (GHGRF) portion of the Public Meeting agenda.

The Environmental Protection Agency (EPA) should plan the implementation of the GHGRF to ensure it achieves both the equity and climate goals of the Inflation Reduction Act. <u>By expanding capacity for high-impact green lending in historically redlined communities, counties experiencing persistent poverty, and states that lack effective infrastructure to make GHGRF investments, the GHGRF can address the dual problems of disproportionately high energy burden and devasting climate changes impacts in these communities</u>. These GHGRF investments can and should be designed and deployed by the local, community-based financial institutions that were created by members of these communities and have been serving the members of these communities for many years.

Community development credit unions specialize in working closely with people who have historically been excluded from the mainstream financial system and provide safe, affordable consumer, mortgage and small business loans. Their nature as member-owned, not-for-profit financial cooperatives creates strong incentives for them to meaningfully serve people who live in historically redlined communities, areas with persistent poverty, and in other communities the mainstream financial system fails to serve equitably. Community development credit unions' deep experience in community-based lending means that they are an ideal conduit for investments to advance environmental justice while also achieving critically needed energy cost savings for low- and moderate-income households.

For example, low-income people typically have longer commuting distances when driving to work than middle- and upper-income people, forcing them to spend more on transportation and generating more greenhouse gas emissions. Community development credit unions like USC Credit Union in California and Clean Energy Credit Union in Colorado have developed innovative, affordable electric vehicle lending programs specifically designed for low- and moderate-income people to reduce both their emissions and their fuel costs.

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About Inclusiv & Community Development Credit Unions

Inclusiv is a Community Development Financial Institution (CDFI) Intermediary and nonprofit national network of community development credit unions committed to promoting financial inclusion through credit unions. The Inclusiv network represents more than 490 credit unions serving more than 18 million people in predominantly low-income urban, rural, and reservation-based communities across 47 states, DC, the U.S. Virgin Islands and Puerto Rico. Fully half of our members are Minority Depository Institutions (MDIs) or Cooperativas that are governed by and predominantly serve people of color, 58% of our members are CDFIs, and 75% are Low-Income Designated.

Community development credit unions are cooperatively owned and democratically governed financial institutions that offer their members:

- Fairly priced loans, including to members with imperfect, limited or no credit history.
- A safe place to save and build assets.
- A place to conduct financial transactions at reasonable cost.
- Financial coaching, first-time homebuyer counseling, and other support services.
- Products, services, and support that can help members to free themselves from high-cost and predatory debt, gain control over their personal finances, and achieve economic well-being.

Inclusiv, in partnership with the University of New Hampshire, provides training as well as peer support and capacity building for credit unions and other community-based lenders seeking to build and expand green lending programs. In just 22 months, more than 300 lenders from nearly 150 deeply mission-driven financial institutions (primarily community development credit unions, CDFI loan funds, and community banks) have completed the Inclusiv-University of New Hampshire solar lending training course. In the past 12 months, just 96 of the community-based lending institutions that have graduated from our training courses have invested more than $2.24 billion in green loans.

Community-Based Lenders Have a Strong Record of Successful Green Lending

Community development credit unions and other community-based lenders should be key partners in the planning and disbursement of the GHGRF to ensure the fund reaches and benefits all communities equitably. They are the ideal vehicle to deliver on the goal and commitment to direct the benefits and impact of the GHGRF to climate-impacted communities.

Our market research of credit unions, community banks, and CDFI loan funds shows that at least 510 community-based lenders across the country currently offer dedicated green loan products with another 69 lenders developing new green lending programs.

Community-based lenders are financial institutions that are already out on the frontlines, providing services that plug holes in our financial system. Each of these 510 financial institutions has designed green loans products that are uniquely tailored to the clean energy and financing needs of their local communities and customers. Some community-based lenders have already become leaders in their local markets. Tucson Old Pueblo Credit Union, for example, originated more than $25 million in solar loans in 2022 alone and is the leading solar lender in Tucson; while Clean Energy Credit Union has reached more than 7,000 members and deployed $134 million in clean energy financing in the past four years.

These 510 community lenders already finance the full range of consumer, residential, and small business energy projects, including:

- Efficient home appliance upgrades.
- Energy efficiency upgrades.
- New and used electric vehicles.
- Solar and solar-powered battery storage projects; and
- Operating capital to grow small businesses that provide clean energy and energy efficiency installation and contracting services.

As an extension of these 510 community-based lenders that currently offer green loans, the existing capillary banking system of over 11,000 community-based financial institutions can quickly transition to finance decarbonization projects in climate-impacted communities providing both clean energy products (consumer, EV, residential, small business) and supports (financial and homeownership coaching, entrepreneurial assistance) to make sure borrowers are set up for success. For low-income and low-wealth borrowers to succeed, the ability to match the climate benefits with household budget in the form of reduced consumption is critical. CDFIs, MDIs, community banks, and credit unions already have expertise and proven success doing just that with their borrowers. These lenders are ready to use GHGRF investments to scale affordable financing that makes green projects accessible to the most climate-vulnerable communities.

<u>The EPA Should Prioritize Investments that Advance Equity While Reducing Emissions</u>
Although the GHGRF does not permit depository institutions, such as credit unions, to be eligible recipients of the GHGRF, as non-for-profit financial institutions, credit unions are eligible to receive indirect investments through the Fund. Inclusiv is a CDFI Intermediary and is committed to making GHGRF investments accessible to its member credit unions to support the critical greenhouse gas emissions and air pollution reduction goals of the GHGRF.

Community development credit unions have deep ties with their local communities, extensive experience developing financial products to meet the needs of lower-income households and people who have been excluded from the mainstream financial system, and a strong track record of green and climate resilience-focused lending. Although our comments focus on community development credit unions, CDFI loan funds, community banks, and mainstream credit unions share many of the same positive characteristics. These institutions are typically able to leverage public investment like the GHGRF as much as tenfold and could bring the total impact of the fund to more than $200 billion in green lending over the next three to five years.

The EPA should align the GHGRF award criteria with Justice40 goals. The GHGRF can rely on the clear strengths of high-impact community development credit unions in reaching low-income people and people of color, and in their demonstrated record of success in green and resilience-focused lending. We urge the EFAB to help the EPA to develop equitable disbursement criteria for the GHGRF by focusing on:

- <u>Expanding capacity for high-impact green lending in historically redlined communities, counties experiencing persistent poverty, and states that lack effective infrastructure to make GHGRF investments</u>. Directing investments to MDI credit unions and CDFI credit unions with a racial equity mission is a straightforward way to reach this goal and aligns with the Justice40 initiative. Communities of color face higher energy cost burdens than white communities and, to date, have been largely excluded from the clean energy transition, which has shut people of color out of both savings and job opportunities.
- <u>Ensuring green lending and climate resilience lending is responsive to local needs and that loan</u>

products are accessible to frontline and historically disinvested communities. Credit unions are financial cooperatives that are democratically governed by their members on a one member, one vote basis. Community development credit unions know and serve these communities and their structure ensures they are accountable to their members.

- Leveraging public dollars for additional impact. As described above, community development credit unions and other community-based lenders can leverage public funding as much as tenfold.
- Prioritizing institutions with a strong track record of green lending or climate resilience lending. Including the two community development credit unions with strong green lending records described above, 428 credit unions across the country and 19 of Puerto Rico's cooperativas have a strong track record of both solar and climate resilience lending. Cooperativa Jesus Obrero, for example, has financed more than 500 PV solar systems across the island of Puerto Rico and renewable energy lending makes up 10% of its total loan portfolio.
- Seeking robust stakeholder feedback. Community development credit unions should be key partners in the planning and disbursement of the GHGRF to ensure the fund reaches and benefits the communities that are most climate-vulnerable and most excluded from our mainstream financial system.

By keeping the priorities above front and center in GHGRF disbursement criteria decisions, the EPA can meet the greenhouse gas emissions and air pollution reduction goals of the Inflation Reduction Act while advancing racial and environmental justice in frontline communities.

Thank you for the opportunity to provide input at this critical juncture in the implementation of the GHGRF. Please contact Neda Arabshahi, Vice President, Inclusiv Center for Resiliency and Clean Energy (narabshahi@inclusiv.org) with any questions.

Sincerely,

Cathie Mahon
President/CEO, Inclusiv

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October 11, 2022

U.S. Environmental Protection Agency
Environmental Financial Advisory Board
Via efab@epa.gov

Thank you for the opportunity to provide a written statement in advance of the Environmental Financial Advisory Board's (EFAB) October 18 public meeting. Elevate is an Illinois-headquartered nonprofit that works nationwide, with extensive projects in historically disinvested communities in the Midwest and West Coast states. We design and implement energy efficiency, solar, building decarbonization, clean water, and workforce development programs that lower costs, protect the environment, and ensure that program benefits reach those who need them most. We help owners and tenants of affordable rental apartment buildings, public housing authorities, and home-based childcare centers to retrofit their buildings and manage their energy use. We are also a partner in the philanthropy-funded Justice40 Accelerator, which is helping community-based organizations grow their capacity so that they may participate fully in federally funded programs.

We are pleased to see that the EFAB's agenda includes discussion of the Greenhouse Gas Reduction Fund ("Fund"), created by the Inflation Reduction Act. We were thrilled that the Fund was included in the legislation and are eager for it to drive benefits to affordable housing and low income and disadvantaged communities. The details of the Fund's implementation will determine how effective it is at reaching these communities, and we hope that the EFAB and US EPA will carefully consider the principles below as the program is implemented.

Financing for Clean Energy Projects Must be Coupled with Technical Assistance

Our experience working with owners of subsidized and naturally occurring affordable housing, nonprofit building owners, and homeowners with low incomes has taught us that building owners often do not have the capacity or expertise necessary to identify and complete clean energy retrofits. They need to work with program implementers who can help them manage the projects, preferably through a one-stop model that assists with the entire project, from assessing the building to identifying and managing financing and funding opportunities, to managing construction and ensuring quality installations. We hope that you will carefully consider the linkage between organizations providing the Fund's financing, program implementers, contractors, and building owners.

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Grants are Needed to Fund Technical Assistance

Technical assistance is critical to getting projects off the ground, but interest rates must also be kept low enough that low income and disadvantaged communities can use and benefit from the funding. Consequently, we hope that EPA will seriously consider using grants to fund technical assistance needs, fully or partially, while ensuring that loan terms remain accessible for communities with low incomes.

The Fund Must Finance Small Projects

To ensure that the Fund's benefits reach into communities, it must finance local projects. Examples might include electrification of smaller apartment buildings or solar systems for houses of worship or local nonprofits. These projects will be relatively small but bring benefits that are clearly visible to community members. Consequently, the Fund should be designed to ensure broad availability and to accommodate smaller financing amounts and grants.

Community Development Finance Institutions Should Play an Important Role in the Program

Community Development Finance Institutions (CDFIs) have both the lending expertise and the community connections needed to help ensure Fund resources make a difference in communities. Funding and opportunity for financing should be available CDFIs, with priority given to those that serve affordable housing and projects that directly benefit disinvested communities. CDFIs, along with program implementers, will be important elements of the ecosystem of organizations necessary to ensure the Fund reaches its goals.

Again, thank you for the opportunity to comment and we look forward to working with US EPA and the EFAB in any way we can to make the Greenhouse Gas Reduction Fund successful.

Thank you,

Anne McKibbin

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NRDC

VIA EMAIL
Kerry E. O'Neill
Chairperson
Environmental Protection Agency (EPA)
Environmental Financial Advisory Board (EFAB)
efab@epa.gov

Re: Comments related to EPA's Greenhouse Gas Reduction Fund

Dear EPA Environmental Financial Advisory Board:

On behalf of the Natural Resources Defense Council (NRDC), we are pleased to submit these comments focused on the design and implementation of EPA's newly created Greenhouse Gas Reduction Fund (GHGRF). NRDC is an international nonprofit environmental organization with more than 3 million members and online activists. Since 1970, our lawyers, scientists, and policy advocates have worked to protect the world's natural resources, public health, and environment.

Over the last decade, NRDC has increasingly focused on how public funds could dramatically increase private investment in the clean energy transition and help to accelerate the shift to a greener, more prosperous economy that benefits everyone. Our experience co-founding and serving as the Secretariat of the global Green Bank Network, our work alongside community development financial institutions (CDFIs) and credit unions charting innovative clean energy models, and our on-the-ground efforts working to equitably deploy clean energy solutions has made clear how critical our financial system is in reducing carbon emissions, bolstering climate resilience, and supporting development that is sustainable and equitable. NRDC's private/public finance expertise puts us in a unique position to comment on the design and implementation of EPA's GHGRF, which we believe can be a critical tool in accelerating a more equitable clean energy transition.

We understand that EPA is just beginning the design and implementation process for the GHGRF, and thus our comments for EFAB focus on four key considerations. These four principles will be critical for a fund deployment that appropriately balances the speed at which we need to reduce GHG emissions with the essential work of fueling a sustainable clean energy transition that delivers tangible and lasting benefits to low-income and disadvantaged communities and households.

Additionality, Market Creation, and Ecosystem Development

EPA should require applicants to (1) demonstrate how GHGRF funds will accelerate deployment of key GHG-reducing projects and technologies in underserved markets; (2) show how blending public and private capital will drive new market creation and/or market transformation; and (3) articulate clear, measurable equity-based outcomes in addition to pollution-related ones. Given the enormous amount of capital required to reduce GHG emissions and decarbonize our economy, public dollars must be used strategically to rally and redirect private investment into low-carbon, climateresilient projects that produce tangible outcomes, especially for low-income and disadvantaged households.

By prioritizing low-income and disadvantaged sectors, EPA can help accelerate GHG-reducing investments in communities that the private market does not broadly serve. These communities and households have an acute need for assistance due to systemic public and private disinvestment and environmental injustices, and there currently exist limited strategies to protect these households from harm resulting from GHG pollution. By focusing on these sectors, the GHGRF can be the lynchpin that induces additional flows of capital that transform and create markets to deliver tangible benefits in communities long overlooked.

Investments that benefit low-income and disadvantaged communities include energy efficiency, electrification, and resiliency investments in buildings and facilities like: (1) affordable housing – both ownership and rental, (2) small and BIPOC-owned businesses, (3) nonprofits, (4) community facilities, and (5) small, religious, and educational institutions. These investments can not only reduce GHG emissions, but also dramatically improve indoor air quality and health outcomes. Where applicable, EPA should also encourage ownership and community control given the long history of capital extraction many low-income and disadvantaged communities have endured. In addition, renewable energy and other zero emission technologies, as well as transportation infrastructure that is located in, serves, and in which such communities have an equity stake also fit this bill. Finally, projects that deliver deep GHG reductions (e.g. deep energy retrofits); are not currently covered by other LMI-focused programs (e.g. pre-weatherization, electrification-ready services, etc.); or deliver grid and resiliency benefits (solar + storage), all are areas where GHGRF funds could be catalytic and further leverage other IRA investments and incentives in these areas.

Correspondingly, GHGRF investment criteria should screen out projects that cannot convincingly demonstrate a need for GHGRF capital to drive project benefits directly and overwhelmingly to low-income and disadvantaged communities. Projects that may fail this "but for" test could include mature technologies such as utility-scale renewables; market segments well-served by current financing such as transmission; and areas that are well funded via other federal provisions in IRA and IIJA. Many non-low-income focused entities – such as corporates, investment-grade rated institutions with no demonstrated mission focus, affluent customers, and commercial real estate developers – do not require public financing assistance to adopt GHG-reducing and decarbonization technologies.

We also encourage EPA to take an ecosystem development approach to GHGRF design and implementation. A mix of grants and financial capital will be needed to fulfill this vision. Financial assistance needs to be more than loans, and include (recoverable and non-recoverable) grants and flexible, low-cost impact investing structures that don't excessively rely on cash flow from low-income residents. Building community trust, project development, workforce development, small business support, and flexible early-stage financing represent just some of the challenges in finding "investable" projects in low-income and disadvantaged communities.

GHGRF funds should address these issues head-on, and incorporate the necessary capacity building, technical assistance, project development, and community engagement support that will ultimately be needed to deliver a pipeline of GHG-reducing projects with meaningful impacts over the long run. Technical assistance is needed at the community level to educate both households and potential borrowing organizations about decarbonization benefits and strategies, and to connect interested parties to vendors and other project development resources including financing alternatives. In addition, many lenders would benefit from a technical assistance platform to provide lender education, product information, uniform standards, as well as metrics for decarbonization, professional certification standards for third parties, and capacity building.

In thinking about what ecosystem supports are needed, it may be helpful to think about what each technology or product vertical (e.g. multifamily affordable decarbonization; EVs; etc.) needs to scale and reach all communities. For instance, the financial, technical, and capacity issues associated with delivering community solar to low-income households looks different and requires different solutions than what is needed for net zero new construction affordable housing. By fleshing out the deployment hurdles in each distinct vertical, EPA can take a more tailored and informed approach in its GHGRF design. Additionally, EPA may consider creating selection criteria for awards that specifically ask applicants to describe and address deployment hurdles in each vertical in which the applicant intends to deploy GHGRF resources.

Finally, a critical piece of ecosystem development is a focus on community ownership and wealth building. While it's true that a major goal of the GHGRF is on the energy demand side – namely, increasing access to clean energy and its co-benefits while decreasing energy costs/burden – like other parts of the IRA (for example, the tax incentives provided for the creation of apprentices), there is great potential for disadvantaged communities to share in the benefits of ***supplying*** clean energy. The benefits include (1) expanding the clean energy workforce to community members; (2) increasing the number of small, BIPOC-, and woman-owned business directly or indirectly supporting projects; (3) growing the number of lenders investing in improvements to key community-identified local infrastructure needs as part of project financing; (4) investing profits or surpluses in key community assets; (5) supporting community ownership models like community land trusts and cooperatives as they transition to clean energy; and (6) entering into carried interest or profit-sharing arrangements with partner organizations, individuals, or groups. The EPA should appropriately weigh community ownership and wealth building strategies when designing GHGRF and incentivize consortia with partners (deep impact investors) who can equitably deliver these supply-side outcomes.

Prioritize Low-Income and Disadvantaged Communities and Households Across the Entire $27 Billion

Given $15 billion of the GHGRF is specifically earmarked for low-income and disadvantaged communities, a key decision facing EPA is how to define such communities. **We recommend applying the White House's Justice40 Initiative's definition of disadvantaged communities[1] as a starting point, and modifying it to include other key climate, energy, and economic factors.** Specifically, when applicable, other key variables could be: energy insecurity; energy cost burden; present and anticipated climate impacts; lack of access to credit or capital; and presence and growth of high-quality jobs supported by GHGRF resources. In addition, it will be important for EPA to consider how low-income and disadvantaged communities definitions map to other existing and potentially complementary federal programs, such as New Markets Tax Credit eligible tracts, HUD Multifamily and Public Housing locations, and Low-Income Housing Tax Credit locations. Programs that have track records of insufficiently or ineffectively targeting disadvantaged communities (e.g. Opportunity Zones) should be excluded or cross referenced with other criteria to ensure the integrity of this program.

[1] https://www.whitehouse.gov/wp-content/uploads/2021/07/M-21-28.pdf

Second, EPA should structure and award the unrestricted portion of the GHGRF ($11.97 billion) with a priority toward low-income *household* access, as well as small businesses that may be based outside of a low-income community but still serve it. While many low-income individuals and households live in low-income and disadvantaged communities, many do not. The same is true for BIPOC-owned businesses and other small businesses that low-income households rely on. It is therefore critical that the unrestricted portion of the GHGRF follow similar Justice40 and additionality principles as the place-based $15 billion. We recommend considering the $11.97 billion as "people-based" funds, whereby these funds can also reach low-income households and small businesses who may not specifically be located in a qualified "low income or disadvantaged community" area. EPA should also establish an eligibility testing regime that does not impose undue administrative cost and burden to qualify households or businesses. In addition, GHGRF awardees of this unrestricted pot of funds should similarly demonstrate a mission-based focus as discussed elsewhere in this letter.

Finally, EPA should prioritize low-income and disadvantaged community engagement and outreach in both the development of the GHGRF application, and in the awarding of funds. In the development of the GHGRF application, it may be helpful for EPA to model its community engagement after other federal programs like Department of Energy's Communities LEAP Program or EPA's own Brownfields Program, as well as leverage its Regional Offices and the newly established Office of Environmental Justice and External Civil Rights to ensure diverse voices are heard and incorporated throughout the GHGRF implementation process. Any GHGRF awardee should demonstrate a proven track record and commitment to working alongside low-income and disadvantaged communities, as well as environmental and energy justice organizations. This may include community representation at the board and leadership levels; explicit partnerships with environmental or energy justice organizations to inform business models; or committed and funded community engagement plans designed to inform business models.

Fast, Equitable, and Flexible Deployment

To deploy capital quickly and equitably, the GHGRF should route clean energy investments through existing mission-driven institutions and platforms. These entities should have demonstrated track records of successfully deploying capital in low-income and disadvantaged communities either directly or through their networks. EPA should prioritize applicants that have: (1) clear client/borrower networks in low-income and disadvantaged communities; (2) an established lending and/or grantmaking infrastructure, including prudent lending/grantmaking standards and existing products that can be modified to include GHG reduction technologies; (3) a specific and credible commitment to modify existing products to drive GHG reductions; (4) existing reporting frameworks that can be used to track performance; and (5) demonstrated organizational accountability mechanisms to the communities they serve.

These institutions and platforms, such as Community Development Financial Institutions (CDFIs), established Green Banks, Housing Finance Agencies (HFAs), Public Housing Authorities (PHAs), as well as associations of community-based lenders like Credit Unions and Minority Depository Institutions (MDIs), can all deploy GHG-reducing capital quickly to projects in areas that have thus far been overlooked in our country's clean energy transition. With access to GHGRF capital and technical assistance, lenders can adjust and complement existing loan products – such as predevelopment, rehab, equipment, construction, and refinance loans – to finance GHG reducing technologies. The GHGRF represents a critical opportunity to adapt and leverage the vast existing community and green finance infrastructure throughout the country to pursue GHG reduction goals in low-income and disadvantaged communities.

EPA should afford flexibility to established institutions that meet the above-listed criteria regarding how financing products are designed, how customers are solicited, and how funds are ultimately deployed in GHG reducing projects and technologies. Flexibility will allow lenders to be market-responsive and serve customers with different needs in different geographies. Prescriptive financing products and underwriting methods can hamstring lenders. For example, lenders should have flexibility in how to allocate funding between fully repayable loans, "soft" loans, and grants. While the EPA should afford lenders flexibility to set rates and terms, the benefit of GHGRF zero or low-cost funding should be substantially passed through to project beneficiaries. Explicitly, the EPA should require the all-in financing costs to be less than comparable market terms for similar risked investments. Lenders need flexibility in how to "blend" GHGRF funds with other capital sources (both at the project and balance sheet level). Although such flexibility is beneficial, lenders should be required to report on key outputs and outcomes on a consistent basis with metrics that state GHG reduction and other key goals – such as # and type of households served – per dollar of GHGRF capital grant on a term-consistent basis. EPA should also prescribe GHG measurement methods and technology guidance for lenders, leveraging independent 3rd parties and standardized processes, as well as encouraging shared infrastructures and platforms when applicable.

Complementary to the primary approach discussed above, EPA could also use a smaller tranche of GHGRF funds to invest in and spur new institutions and innovative approaches that address persistent gaps in the marketplace. Such institutions could be new local, state, or regional Green Banks, CDFIs, or nonprofit loan funds. In places where there are limited or insufficient intermediaries to adequately serve low-income and disadvantaged people and communities, EPA should look to invest in new entities that have a business model that explicitly seeks to complement (not compete with) existing institutions (part of the concept of additionality discussed herein). In addition to accountable and inclusive governance and performance standards, such entities should have a credible model to either (1) help bring together commercial, public, and mission-driven capital to drive GHG reduction in low-income and disadvantaged communities not currently met by existing institutions; (2) seek to fill funding gaps (e.g. pre-development, bridge loans, taking on specific risks that established lenders may avoid due to policy restrictions); and/or (3) address specific barriers in local, state, or regional markets inhibiting the existing deployment infrastructure.

Governance and Performance Standards

EPA should award applicants that can credibly demonstrate both (1) inclusive governance practices with responsiveness and accountability to low-income and disadvantaged communities and (2) best practices of nonprofit and financial governance. Other Federal programs, such as those run by US Department of Treasury's CDFI Fund or the US Department of Health and Human Services Federally Qualified Health Centers, may serve as good examples for EPA to consider when deciding on GHGRF governance parameters. At minimum, consideration should be given to board and leadership representation, board charters, investment/credit policies, as well as organizational policies such as conflicts of interest standards, procurement policies, and document retention. In addition, applicants with a demonstrated track record of effectively stewarding federal and/or state funds through other programs (e.g., Paycheck Protection Program, CDFI Fund, utility ratepayer funds, etc.) should be scored highly. Similarly, indirect regulated recipients of funding, such as credit unions and minority depository institutions should fare well in scoring if they can demonstrate a record of best-in-class regulatory compliance.

EPA should also define clear impact standards and metrics for awardees to drive significant GHG and air pollution reductions, as well as meaningful energy and environmental justice impacts for low-income and disadvantaged communities. Awardees should prioritize meaningful improvements to the lived experience of marginalized and disadvantaged communities through investments in GHG-reducing projects (e.g. % reduction in energy burden and utility shut offs; employment outcomes; projects with clear ties to community ownership; etc.). One potential resource for EPA to consult is University of Michigan's newly released *Energy Equity Project* report, which provides a framework to measure and further energy equity outcomes.[2] Ultimately, for the GHGRF to successfully meet Justice40 goals, impacts will need to be focused on people-centered benefits.

We recommend that EPA consider a short list of clear, overarching, quantifiable program outputs and outcomes that all project verticals should measure and evaluate (e.g. GHG reductions, leverage, underserved market location, etc.), and a more tailored set of metrics specific to each project vertical (e.g. building electrification; EVs; etc.). EPA should identify when national, standardized approaches to measuring outcomes could best be applied, when a regional approach makes sense, or when a more local recipient-level reporting is needed. Currently, many green lending entities communicate impact differently. The GHGRF presents an opportunity for EPA to establish clear standards on impact reporting and measurement for all recipients to follow.

In addition, EPA should ensure that GHGRF awardees can rely on independent 3rd-party professionals to provide assessments, validate project scopes, validate GHG savings estimates, and also provide reliable cost estimation services. To the greatest extent possible, EPA should seek to streamline these services to maximize efficiency and reliability, although local/state policy or code may require more tailored approaches in some instances.

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We thank the EFAB and the EPA for their consideration of our comments. If we can be of any further assistance, please do not hesitate to contact us.

Sincerely,

Adam Kent (akent@nrdc.org)
Doug Sims (dsims@nrdc.org)
Sarah Dougherty (sdougherty@nrdc.org)
Natural Resources Defense Council
1152 15th Street NW, Suite 300
Washington, DC 20005

[2] Energy Equity Project, 2022. "Energy Equity Framework: Combining data and qualitative approaches to ensure equity in the energy transition." University of Michigan – School for Environment and Sustainability (SEAS).

Environmental Financial Advisory Board Meeting Oct 18, 2022

Public Comments by Gregory M. Baird, greg.m.baird@agingwaterinfrastructure.org

Dear EFAB members – thank you for your time, resources, and expertise in discussing and struggling with finding solutions for many complex issues.

EFAB is an EPA advisory committee chartered under the Federal Advisory Committee Act to provide advice and recommendations to EPA on creative approaches to funding environmental programs, projects, and activities.

I wanted to take a few moments to raise some common themes and questions for your consideration.

Utilities face many financial obstacles many of which are on the OPEX- operations and maintenance side of the budget. EPA funding most of the time only focuses on CAPEX -brick and mortar capital projects.

Can "Building Capacity" for water/sewer and storm utilities include a 3-year grant for "new" hired employees focused on infrastructure asset management, regulatory compliance, and finance/communications? As a municipal finance officer in California, I saw the benefit to the police department which would receive such grants to reduce crime with the city tasked with finding the revenue to maintain the positions beyond year 3.

Can EPA/SRF funding broadly be applied to SaaS type of products that may not be directly tied to an immediate capital project? Technology must be funded and applied to address our aging infrastructure, workforce, sustainability, and affordability challenges. Artificial Intelligence, Machine Learning, Digital Twins, and many cloud platform products are packaged as SaaS annual subscriptions requiring OPEX – operation's budget planning and approvals. If the EPA funding favors only capital project justification, then many SaaS product and cloud offerings geared for mid to small and very small utilities with capacity building benefits for field crews are left untapped. As the CFO of Colorado's third largest municipal water utility, I found it was easier to fund a capital project versus adding a new operational budget line item.

States are faced with the impossible and overwhelming duty of monitoring compliance issues of hundreds of public water/sewer systems. Local governance and capacity issues drive water quality and infrastructure neglect and failures. Can combined watershed/sewershed ad hoc regionalization "one water" co-ops be formed for peer-to-peer reporting on infrastructure risk and reliability, staff capacity, water sustainability and quality - funded as a program with SRF money?

Environmental, social, and governance (ESG) principles implies that an organization has a strategy which focuses on the three pillars of the environment, social, and governance. This includes taking measures to lower pollution, $CO2$ output, and reduce waste. It also means having a diverse and inclusive workforce, at the entry-level and all the way up to the top. ESG is costly and time-consuming to undertake. While a worthy cause and probably achievable for larger municipalities and their utilities, thousands of capacity building utilities need to focus on the basics of utility infrastructure management, sustainable service delivery, compliance, rate affordability, communications, and funding. 85% of all water utilities report under a municipality/public works department, less than 10% have accessed SRFs, 30% may even fail to submit a lead(Pb) service line inventory by 2024. The issues are complex but there must be a focus on the basics of utility management and governance.

Thank you for your time and consideration,

Gregory M. Baird

CGC
Coalition for Green Capital

October 11, 2022

Hon. Edward H. Chu,
Designated Federal Officer
Environmental Financial Advisory Board
U.S. Environmental Protection Agency

Hon. Kerry O'Neill,
Chair
Environmental Financial Advisory Board
U.S. Environmental Protection Agency

RE: Greenhouse Gas Reduction Fund

Dear Mr. Chu, Ms. O'Neill, and Members of the U.S. Environmental Protection Agency's Environmental Financial Advisory Board-

The Greenhouse Gas Reduction Fund ("GGRF" or "Fund") represents a historic investment in the fight against climate change. It is designed to reduce or avoid greenhouse gas emissions and other forms of air pollution by accelerating investment in clean energy technologies in every community in the United States, including low-income and disadvantaged communities that are often left out of public and private investments. For EPA, the $27B appropriated to the Fund by the Inflation Reduction Act ("IRA" or "Act") is unprecedented, and the deadlines established in the Act leave the agency with little time to stand up an entirely new grant program. As emphasized by Senator Van Hollen, Senator Markey, and Representative Dingell in their September 9, 2022, letter to EPA Administrator Michael Regan ("Congressional Letter"), meeting those statutory deadlines is critical to the Fund's ability to reduce emissions of greenhouse gases and other forms of air pollution at the levels called for by the President, and we encourage the Environmental Finance Advisory Board ("EFAB") to advise EPA on how the agency can implement the Act within the Congressionally-mandated deadlines.

The Congressional Letter, in conjunction with a statement for the Congressional Record made by Representative Dingell, documents the legislative history of the GGRF and Congress's intent for how EPA should implement this new program. We commend both to the EFAB, and have included them as Attachment I and Attachment II to these comments. We further encourage the EFAB to provide EPA with advice that is consistent with Congress's intent, as documented by the Members of Congress that were the lead sponsors of the legislation that was incorporated into the IRA to create the GGRF. Together, the Letter and the Statement provide EPA with a roadmap for how to implement the GGRF and award the full amount appropriated by Congress within the time provided in the Act.

The Letter and Statement explain that Congress's intent in creating the GGRF was to capitalize a single national, nonprofit financial institution – often referred to as the National Green Bank. Consistent with well-established financial protocols, Congress understood that consolidating the grant money in a single National Green Bank would actually *expand* the number of entities that would benefit from the funding provided through the GGRF and the total amount of "funding and technical assistance" that will be delivered to these entities. That is true for several reasons.

- Congress drafted the legislation not only to provide financial assistance to qualified projects, but also to provide technical assistance and financial assistance to new or existing public, quasi-public, not-for-profit, or nonprofit entities that provide financial assistance to qualified projects at the State, local, territorial, or Tribal level or in the District of Columbia, including community- and low-income-focused lenders and capital providers. Simply put, the National Green Bank is required to share the funding it receives with all entities that are committed to accelerating investment in clean energy technologies in every community in the United States.
- Unlike a traditional grant program with a one-time application window, the National Green Bank will have the ability to expand continually the network of new or existing entities that receive funds through the GGRF long after the application window closes. No existing membership organization or network can be certain that its current members alone can meet the environmental justice mandate included in the GGRF. The National Green Bank's flexibility is essential to meeting the President's Justice40 goals, because low-income and disadvantaged communities are less likely to currently be served by financial institutions that will be prepared to provide green financing on Day 1. Recognizing this, Congress included a requirement that the National Green Bank provide both technical assistance and financial assistance to help create new and develop existing public, quasi-public, not-for-profit, or nonprofit entities that will provide financial assistance to qualified projects, including projects located in low-income and disadvantaged communities.
- Congress recognized that to accelerate the construction of the clean power platform in the most critical communities in the country, the National Green Bank will need to focus "funding and technical assistance" on geographic and demographic targets. To this end, the National Green Bank will depend upon partnerships in those communities with nonprofit financial institutions of all kinds. Continual focus on well-selected communities will require a consistent strategy with an adaptable and flexible approach to problem solving by the National Green Bank and its partners in those communities. By providing the money to a single National Green Bank and requiring the bank to in turn provide technical and financial assistance to new and existing financial entities, Congress found a creative solution that overcame the time-based limitations of a traditional grant program.
- Capitalizing one single independent National Green Bank offers both the benefits of flexibility and speed in decision-making that private sector financing entities enjoy and the restraint on profit-seeking that should attach to the recipient of taxpayer funds. That flexibility will allow the National Green Bank to prioritize delivery of funds to communities with the greatest need, and to quickly respond as demands and needs change over time.

Finally, it is important to note that this flexibility does not come at the expense of accountability. In fact, capitalizing a single National Green Bank will allow for more effective and efficient accountability by consolidating the responsibilities and obligations in a single entity. The National Green Bank will be responsible for ensuring the funds are used consistent with the requirements of the IRA and the terms and conditions contained in the grant agreement. That grant agreement will include key aspects of the National Green Bank's governance and business plan, which will enable effective oversight by EPA and Congress.

As intended by Congress, capitalizing a National Green Bank is an essential component for meeting the stated purpose of the GGRF and is key to ensuring the rapid deployment of funds to communities across the country, and in particular low-income and disadvantaged communities. We commend the EFAB for taking on this important charge and encourage you to provide advice to EPA that is consistent with Congress's intent, will assist the agency in meeting its responsibilities under the IRA, can make a meaningful difference in the effort to reach low-income and disadvantaged communities, and helps the GGRF realize its full potential.

If I or anyone at the Coalition for Green Capital can be of assistance as you complete your work, please do not hesitate to contact me.

Sincerely,

Kevin S. Minoli
Alston & Bird LLP
Kevin.Minoli@Alston.com
202-860-5581
Counsel to the Coalition for Green Capital

Enclosures

cc: Reed Hundt
Robert Sussman

ATTACHMENT I

Congress of the United States
Washington, DC 20515

September 9, 2022

The Honorable Michael Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator Regan,

As the lead sponsors of the *National Climate Bank Act* (S. 283) and the *Clean Energy and Sustainability Accelerator Act* (H.R. 806) in the Senate and House of Representatives, we worked to include the Greenhouse Gas Reduction Fund (GHGRF) in the *Inflation Reduction Act* (Pub. L. 117-169) to provide resources to fulfill the mission of our legislation. Therefore, we write to encourage you to rapidly invest maximum funding from the GHGRF to capitalize a national climate bank that will support an equitable transition to a clean-energy economy and fund a nationwide network of state and local climate banks, which will turn the challenge of climate change into an opportunity for prosperity. As the GHGRF intentionally dedicates $8 billion to the "purposes of providing financial assistance and technical assistance in low-income and disadvantaged communities," the swift and successful disbursement of this funding will further the Biden administration's environmental justice goals, which you have been a strong advocate for within the Environmental Protection Agency (EPA). An effective national climate bank program will build generational climate-friendly wealth in communities that have the least access to clean energy capital and are most at risk from environmental harm.

We have long championed the concept of a single, independent, non-profit national climate bank that would maximize the leveraging of private capital investment, ensure the efficient distribution of funds within a growing green bank network, and create opportunities for large scale, transformational investments—particularly in environmental justice communities – and it is critical to the country's ability to reduce emissions of GHGs at the levels called for by the President.. The GHGRF is poised to accomplish that goal as it intentionally includes as an eligible recipient a nonprofit organization that:

> *"is designed to provide capital, leverage private capital, and provide other forms of financial assistance for the rapid deployment of low- and zero-emission products, technologies, and services; does not take deposits other than deposits from repayments and other revenue received from financial assistance provided using grant funds under this section; is funded by public or charitable contributions; and invests in or finances projects alone or in conjunction with other investors,"*

The provision also instructs eligible recipients to use grant funding to make direct investments which:

> *"provide financial assistance to qualified projects at the national, regional, state, and local levels; prioritize investment in qualified projects that would otherwise lack access to financing; and retain, manage, recycle, and monetize all repayments and other revenue received from fees, interest, repaid loans, and all other types of*

financial assistance provided using grant funds under this section to ensure continued operability."

Furthermore, the GHGRF requires recipients to make indirect investments to promote climate finance efforts throughout the country by:

> *"provid[ing] funding and technical assistance to establish new or support existing public, quasi-public, not-for-profit, or nonprofit entities that provide financial assistance to qualified projects at the State, local, territorial, or tribal level or in the District of Columbia, including community- and low-income-focused lenders and capital providers."*

A national climate bank is uniquely structured to meet all of the requirements of the GHGRF. It will bring together a comprehensive, diverse, and inclusive network of state and local financing entities in the public and non-profit sectors. We have championed the effectiveness of a standalone national institution that is authorized to capitalize both current and newly formed state and local banks, along with all other entities eligible to receive indirect assistance through our legislation. This approach allows these subnational entities, nonprofits, and lenders to make their own investments tailored to the needs of their communities, with the financial and technical support of the national climate bank. In the aggregate, a national climate bank and its network is expected to produce $10 billion of public-private investment over a decade for every $1 billion in initial capital.[1]

The GHGRF will provide a national climate bank with the funding it needs to immediately begin investing in qualified projects that would otherwise lack access to financing on favorable terms. There are $200 million worth of projects targeting low-and-moderate income communities, nonprofits, public schools, and affordable housing that are shovel-ready, in addition to the $21 billion in clean technology projects that are in the larger pipeline.[2] With so many projects ready to go, it is vital that we establish an organized central entity that is able to fund qualified large-scale projects and coordinate downstream financial entities to implement a system that efficiently reduces emissions and supports disadvantaged communities in those efforts.

As a centralized institution, a national climate bank will reduce costs for financial entities, attract private capital investments, and support a more efficient project-financing pipeline, while also seeding and providing technical support to state and local climate banks, minority depository institutions, community development financial institutions (CDFIs), and other nonprofits. Green banks have already proven successful on the local and state level, and a national bank would support those efforts while providing additional coordination for larger projects at the regional and national level. Green banks have been established or are being considered for development in 37 states and in Washington, DC, and are supported by governors of both parties.[3] A national climate bank will optimize our federal investment and provide a unified national approach to climate mitigation, while supporting state and local banks' abilities to meet their individual needs. A green bank network will be able to rise to the challenge that climate change presents with the leadership and guidance of a national climate bank.

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[1] "Supporting a Clean Energy Recovery: Jobs and Emissions Impacts of a $100 Billion Clean Energy and Sustainability Accelerator" (Vivid Economics Limited, December 18, 2020).

[2] "National Green Bank: Project Ready Day One - Conversations with the American Green Bank Consortium," July 7, 2021, http://coalitionforgreencapital.com/wp-content/uploads/National-Green-Bank-Project-Ready-Day-One.pdf.

[3] Nevada's green bank, the Nevada Clean Energy Fund, was signed into law by Republican Governor Sandoval.

To carry out the requirement that 40 percent of funds within the GHGRF be dedicated in support of environmental justice communities, a national climate bank can use trusted community partners, such as local green banks and CDFIs, to target investments within disadvantaged communities. These partnerships will allow the benefits of clean technologies to reach communities that have been left behind for too long. Moreover, the national climate bank will lower costs for all consumers, including low-to-moderate income households, by deploying tested financial instruments that will reduce energy consumption, costs, and emissions for everyday activities.[4]

Capitalizing a national climate bank will provide long-term, comparatively low-cost solution to reduce our reliance on fossil fuels and greenhouse gas emissions, while decreasing families' energy bills and creating new clean energy jobs. As authors of the legislation upon which the GHGRF is based, we urge you to maximize the impact of these funds through the capitalization of a national climate bank which will have the capacity to make direct investments in qualified projects at the national and regional levels and provide funding and technical assistance to state and local financing entities. We look forward to working together as EPA establishes the implementation procedures for the GHGRF, per the statute and intent of the *Inflation Reduction Act*, and thank you for your efforts on this historic project.

Sincerely,

Chris Van Hollen
United States Senator

Edward J. Markey
United States Senator

Debbie Dingell
Member of Congress

[4] The Climate Access Fund of Maryland is developing, managing, and financing a community solar array on the rooftop of the Henderson-Hopkins School in Baltimore, MD. This project will be open to 175 low-to-moderate-income households in East Baltimore, and will save each subscriber an estimated $200 annually on electricity.

ATTACHMENT II

lease sales provided through the Inflation Reduction Act are somehow being rushed through or will be conducted with insufficient administrative process. That is simply not the case.

These sales were scheduled under the Obama Administration under the 2017–2022 five-year plan. That Interior department subjected the plan to a large programmatic environmental impact statement. They then underwent a multi-sale EIS. These sales then also went through a supplemental EIS. Thus, the idea that any further process should be required is just not credible and that is why the bill requires them to occur by a date certain.

It is in our national interest to do so as quickly as possible so that the energy crisis does not become even worse and so that the fuel and revenue these sales will generate can find their way into our economy sooner than later.

Mrs. DINGELL. Madam Speaker, I rise in strong support of the Inflation Reduction Act we are considering today and would like to speak specifically to the inclusion of the Greenhouse Gas Reduction Fund, which is based on important legislation I authored to address the climate crisis.

The Inflation Reduction Act appropriates $27 billion to the Environmental Protection Agency (EPA) to finance climate specific projects that will reduce carbon emissions, which will be dispensed through the Greenhouse Gas (GHG) Reduction Fund. The GHG Reduction Fund is the product of more than 13 years of legislative effort by numerous members of the House and Senate and provides resources to fulfill the vision and mission of this legislative effort to capitalize a national climate bank that will support a swift transition to an equitable, clean-energy economy.

In the House, the GHG Reduction Fund is based on H.R. 806, the Clean Energy and Sustainability Accelerator Act. I introduced this important legislation to provide the maximum funding possible to and capitalize a single independent, non-profit national financing institution ("NNFI")—the first ever national green bank—that would in turn make its financial and technical resources available to communities across the country. It is our hope, as the administration implements the GHG Reduction Fund, it will consider the benefits and structure of the Clean Energy and Sustainability Accelerator Act.

It is our hope the Environmental Protection Agency would make awards through the GHG Reduction Fund to capitalize a single NNFI, as intended under the Clean Energy and Sustainability Accelerator Act, and for that NNFI to use that capitalization funding to leverage private investment in amounts several times greater than the initial public investment. Once capitalized, the bill requires the entity to make direct investments into qualified projects at the national, regional, state, and local levels and, importantly, to make indirect investments into such projects by providing financial and technical assistance to an open, inclusive, and ever-expanding network of state and local nonprofit financial institutions—including existing and newly established green banks and community development finance institutions—that are committed to making investments in the products that will compose the clean power platform on which the economy must run.

The GHG Reduction Fund makes an historic investment into low income and disadvantaged communities as well, mandating that at least 40 percent of the over $20 billion be used to benefit qualified projects and the financing entities that support qualified projects within these communities, but we expect that the full investment in these communities will be far larger through leverage and investments from the remainder of the Fund.

The GHG Reduction Fund, and the American people, would benefit most and achieve its purpose most effectively through the capitalization of a single independent NNFI, as originally intended in the Clean Energy and Sustainability Accelerator Act. A single independent NNFI will not be limited by any jurisdictional boundary—no community is beyond its reach. Therefore, the NNFI approach could directly invest in qualified projects anywhere in the United States that would otherwise lack funding. In addition, the NNFI approach can indirectly invest in any community by providing the funding and technical assistance necessary to establish new financial institutions and further capitalize and strengthen existing ones. The NNFI would grow a diverse, open, and inclusive network of state and local green banks and other mission driven financing entities.

Capitalizing a single independent NNFI at scale, through the GHG Reduction Fund, would also enable public investment to be leveraged more efficiently which, in turn, drives much greater private capital investment in qualified projects, whether at the national, regional, state, or local level. And the Inflation Reduction Act requires the entity to "retain, manage, recycle, and monetize all repayments and other revenue" generated using the capitalization grant. We count on EPA to assure that the NNFI will be subject to the appropriate regulations and requirements that would apply to similar non-profit institutions that have been capitalized with federal or nonfederal dollars. At the same time, the relationship between EPA and the single independent nonprofit national financing institution should be designed to preserve its operational flexibility and ability to respond quickly to market conditions to execute with the speed that the climate crisis demands.

Finally, the Inflation Reduction Act sets a 180-day period for EPA to complete all these steps: establish the GHG Reduction Fund, issue a grant solicitation, award capitalization grants, and disburse the funds. These aggressive deadlines were established because the GHG Reduction Fund cannot achieve its purpose unless the full amount of funds appropriated to this program are put into use through a NNFI approach immediately. Disbursing all the funds within 180 days though a single independent NNFI, as originally intended under the Clean Energy and Sustainability Accelerator Act will ensure that we can expeditiously address the urgent threat of catastrophic climate change, in an equitable manner, on day 181. A swift disbursement of the maximum funding amount possible will allow the climate bank to leverage more private financing—thereby ensuring our public investment has a far reaching impact.

The impacts of climate change have created an emergency situation that poses a substantial danger to the health and safety of the American public, and the award and disbursement of the maximum amount of funds appropriated to the GHG Reduction Fund cannot be delayed. We recognize that the timeline will require EPA, at every step in the grant process, to evaluate approaches that can reduce the amount of time that it would otherwise take to complete that step—and it is our intention that EPA will utilize all legally-authorized strategies that are necessary to ensure the full amount of the funding is disbursed on time.

Mr. THOMPSON of California. Madam Speaker, I strongly support H.R. 5376, the Inflation Reduction Act of 2022.

I am particularly pleased that the legislation before the House includes major provisions of my GREEN Act, including incentives for a vast array of clean and renewable energy sources.

This legislation represents the most sweeping and ambitious climate policy ever to pass the Congress.

It reduces our dependence on fossil fuels while accelerating the development of solar, wind, and other renewable energy sources.

And it incentivizes individuals to limit greenhouse gas emissions from their homes, their businesses, and their vehicles.

I am also extremely supportive of the health care provisions in this bill.

Allowing Medicare to negotiate the price of prescription drugs has been a priority for Democrats in Congress for decades—and this bill not only ensures that seniors don't go broke paying for their medicines, but also saves taxpayers hundreds of billions of dollars.

Given the negotiations of the past 18 months, this bill could not accommodate every single priority or proposal.

And I am hopeful that my colleagues will work with me moving forward to ensure that the corporate minimum tax—a policy I support—does not inadvertently burden companies, like some in my district, who suffered severe net operating losses in previous years due to natural disaster.

This bill is a tremendous step forward for our country. It pays down our deficit, reduces the cost of prescription drugs, extends health insurance subsidies for low-income Americans and invests hundreds of billions of dollars in clean and renewable energy.

I am proud to have helped author this legislation, and I strongly support its passage.

Mr. WELCH. Madam Speaker, as many of my colleagues know, I have worked for years to protect patient access to pharmacies across this nation. It is the intent of the United States House that this legislation, and in particular, Section 1860D–14C(c). MANUFACTURER DISCOUNT PROGRAM shall operate in the same manner as the Medicare Part D Coverage Gap Discount Program found under 42 USC 1395w–114a. CMS shall implement this provision to operate in the same manner with respect to a pharmacy. In that way, this section shall not result in any reduction in pharmacy reimbursement or require or permit price concessions or other remuneration from the pharmacy. We will convey this intent to the Centers for Medicare & Medicaid Services as they develop the rules that will govern this discount program. I will continue to look for additional ways to help patients and to preserve and protect our pharmacies that are so essential to communities across Vermont and our country.

Ms. BONAMICI. Madam Speaker, I rise today in support of a transformational piece of legislation, the Inflation Reduction Act.

The Inflation Reduction Act's historic investments will reduce costs for families and individuals, expand access to affordable health

To: Kerry O'Neill, Chairperson, Environmental Financial Advisory Board
From: Andrew Kessler, President, NY Green Bank
Re: Oral Statement Delivered at EFAB October 2022 Public Meeting
Date: October 21, 2022

On October 19, 2022, NY Green Bank ("**NYGB**") President Andrew Kessler provided an oral statement to the Environmental Finance Advisory Board ("**EFAB**") during its October 2022 public meeting on the topic of the Environmental Protection Agency's ("**EPA**") Greenhouse Gas Reduction Fund (the "**Fund**") established pursuant to the Inflation Reduction Act of 2022. NYGB is pleased to hereby submit a written copy of the oral statement. NYGB thanks EFAB for the opportunity to provide its input during the public meeting and looks forward to continued engagement with EFAB in connection with the Fund.

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"NY Green Bank welcomes the Environmental Protection Agency's Greenhouse Gas Reduction Fund as an historic opportunity to further accelerate clean energy investments across the United States, and particularly welcomes the Fund's emphasis on low income and disadvantaged communities, which is directly in line with our commitment to supporting these communities across New York.

NY Green Bank is a $1 billion-dollar New York State-sponsored investment fund. We operate as a division of the New York State Energy Research & Development Authority, and we are the largest green bank in the United States. Our mission is to work with the private sector to transform financing markets in ways that accelerate clean energy investments on an equitable basis and in support of New York State climate goals.

Since we opened for business in 2013, we have advanced this mission by making $1.8 billion of investments in more than 100 transactions in asset classes that are critical to the clean energy transition. Our team works every day to make investments that are market-based, replicable and scalable, and then we then find ways to create secondary markets for those investments. And, since New York passed its historic climate law in 2019, we are committed to ensuring that at least 35% – with the goal of 40% – of our investments benefit disadvantaged communities across New York State.

NY Green Bank welcomes – and strongly supports – the Environmental Financial Advisory Board's proposed charge to the Exploratory Workgroup for the Fund. We encourage the EPA, EFAB and the Workgroup to run a transparent consultative process that solicits feedback on the design and implementation of the Fund from the broader stakeholder community.

We encourage EFAB to consider the following general principles across the Fund:

- Competitive allocation methodologies that are designed to identify recipients that can mobilize capital at scale, especially in low-income and disadvantaged communities

- An application process that identifies recipients with a demonstrated ability to leverage private sector capital and access secondary markets
- Strong internal controls and compliance programs to ensure responsible stewardship of public dollars, while avoiding undue administrative burden on Fund recipients
- An allowance for states that already have established criteria for disadvantaged communities to be able to use such criteria to satisfy EPA's requirements

For the Zero Emission Technologies Fund specifically, it will be critical to have a reallocation mechanism that ensures that funds are not left unused but can instead be reallocated to other recipients who are able to maximize the use of these funds.

We look forward to receiving further guidance in the weeks ahead from the EPA, EFAB and the Workgroup. We stand ready to engage collaboratively with all market actors to advance this effort. In the meantime, we thank EPA leadership and staff – as well as EFAB and the Workgroup – for their important work ahead on making the Greenhouse Gas Reduction Fund a success. Thank you for the opportunity to make remarks."

Appendix 12. Final Approved GHGRF Charge

EFAB Public Meeting – October 18-19, 2022

FINAL APPROVED EFAB CHARGE
Greenhouse Gas Reduction Fund
Proposed by: EPA Office of the Administrator

Problem / Question Statement

The Inflation Reduction Act of 2022 amended the Clean Air Act to create a new program – the Greenhouse Gas Reduction Fund (GHGRF). The GHGRF includes: (1) $7 billion for competitive grants to enable low-income and disadvantaged communities to deploy or benefit from zero-emission technologies, including distributed technologies on residential rooftops, and carry out other greenhouse gas emission reduction activities; (2) nearly $12 billion for competitive grants to eligible entities to provide direct and indirect financial and technical assistance to projects that reduce or avoid greenhouse gas emissions; and (3) $8 billion for competitive grants to eligible entities to provide direct and indirect financial and technical assistance to projects that reduce or avoid greenhouse gas emissions in low-income and disadvantaged communities. These $27 billion are available to EPA to award grants until September 30, 2024.

EPA seeks the advice of EFAB regarding the following charge questions. For each question, EFAB should provide a range of options (including research and literature references and other resources where available), outlining their advantages and disadvantages.

To the extent that the analysis needs to be differentiated depending on the three different GHGRF funding streams listed above, EPA welcomes feedback on considerations specific to each.

I. **Objectives**
   a. Environmental Justice / Definition of "low-income and disadvantaged communities"
      i. What considerations should EPA take into account in defining "low-income" and/or "disadvantaged" communities in order to ensure fair access/that the funding benefits disadvantaged communities?
      ii. How can EPA ensure that communities and organizations who have received little or no funds in the past receive priority consideration for funding? How could EPA identify the low-income and disadvantaged communities it should prioritize for greenhouse gas and other air pollution reduction investments?
      iii. What kinds of technical and/or financial assistance should GHGRF funding recipients provide to ensure that low-income and disadvantaged communities are able to be direct or indirect beneficiaries of GHGRF funding? Please identify supports that could help communities with project implementation.
   b. Program Efficiency
      i. How can the GHGRF grant competition be designed so that funding is highly leveraged (i.e., each dollar of federal funding mobilizes multiple dollars of private funding)? How can the funding be used to maximize "additionality" (i.e., the extent to which funding catalyzes new projects that would not otherwise occur)? How can EPA balance the need for grants for capacity building and short-term results with financial structures that will allow capital to be recycled over time? Where (if at all) is it appropriate to impose sustainability requirements on direct or indirect beneficiaries of GHGRF funding?

ii. Are there programs/structures at the federal or state level that could effectively complement the GHGRF? How can EPA best leverage the GHGRF to support lasting, long-term (beyond 2024) transformation of the clean energy and climate finance ecosystem, especially for disadvantaged communities, and greenhouse gas and other air pollution reductions?

II. **Program Structure**

a. Eligible Recipients

i. Who could be eligible entities and/or indirect recipients under the GHGRF? What should the thresholds for deployment be – both amount and timing – for GHGRF funding by these entities? Please provide references regarding the total capital deployed by these entities into clean energy and climate projects.

ii. What eligible entities and/or indirect recipients would best enable funds to reach disadvantaged communities? What are their challenges and opportunities and how can EPA maximize the use of these channels?

b. Eligible Projects

i. What types of projects/sectors/market segments could EPA prioritize for funding through the eligible recipients?

ii. Considering each major project type/sector/market segment, discuss:

1. What are the barriers to private sector capital?
2. Please provide any citations to relevant case studies in low-income and disadvantaged communities, in terms of emissions reductions and other benefits, including cost effectiveness, wealth creation, economic empowerment, workforce development, etc.
3. What project-level gaps could the GHGRF fill for each type of project? What form could capital take to fill these gaps? Please provide references that analyze the deal-level economics for the various types of projects, including whether and how these may vary by geography.
4. Beyond assembling the capital stack for a deal, what other barriers and constraints exist that could constrict the pipeline of successful projects? What program strategies are needed to respond to these barriers and constraints?

iii. What types of contracting vehicles and structures will best support rapid deployment of clean technology solutions and direct involvement of the private sector, including in supporting disadvantaged communities?

c. Structure of Funding

i. Are there any potential program design requirements that would impact the ability of recipients to use the GHGRF program funds? How could EPA address these issues through program design? How could recipients comply with relevant federal requirements? How can EPA streamline the distribution of funds so that applicable federal and state review can be accomplished in a coordinated and efficient manner?

III. **Execution, Reporting, & Accountability**

a. Given the tight timeline for implementation of the funds, what are key steps that EPA could take in the short- (next 180 days), medium- (next two years before funds expire in 2024), and long-term (beyond 2024)?

b. What types of requirements could EPA establish to ensure the responsible implementation and oversight of the funding?
c. What mechanisms could eligible recipients adopt, including governance as well as other mechanisms, to ensure that their applications and subsequent implementation efforts ensure: (1) accountability to low-income and disadvantaged communities; (2) greenhouse gas emission reductions; and (3) the leveraging and recycling of the grants?

EFAB Mission Fit

EFAB's mission is to explore ways to lower costs and increase investments in environmental protection. The GHGRF has the potential to create valuable new capacity through existing and new channels for funding greenhouse gas reductions and to specifically deliver gains to disadvantaged communities where greenhouse gas solutions are often compromised by high financing risks (i.e., capacity for repayment, access), lack of clear delivery systems (i.e., ability to reach beneficiaries), and lack of awareness of potential solutions. These areas represent major segments of potential environmental harm and related benefits.

Type of EFAB Engagement

EFAB is positioned to assist EPA by providing focused guidance to EPA on strategies for establishing and developing the GHGRF.

EFAB is comprised of experts across many segments of environmental finance and program delivery. EFAB members have deep experience and broad networks that can be quickly leveraged to provide focused advice to EPA around a critical and rapidly moving agenda. EFAB capacity can provide immediate, actionable solutions that increase potential success around the GHGRF.

Approach

- Convene (fast) expert roundtables and/or listening sessions around topics that will inform implementation of the GHGRF and summarize key takeaways and recommendations.
- Use a mix of interviews, roundtables and/or listening sessions to reach out to conveners, researchers, and others who have engaged deeply with the ecosystem of players who could potentially be involved in the implementation of the GHGRF, ranging from end user beneficiaries to community-based organizations to investors, with a focus on reaching audiences not otherwise readily able to access internal EPA staff.
- Take reference from a range of models that could be used to deliver capital to a diverse range of communities.

EFAB asks EPA to provide a public comment process where a variety of stakeholders may provide input to ensure that EFAB does not miss critical perspectives and viewpoints, which a comment deadline of December 1, 2022.

EFAB GHGRF Charge Workgroups

Kerry O'Neill – EFAB Chair; CEO, Inclusive Prosperity Capital

I. Objectives

Name	Title / Affiliation
Margot Kane	Workgroup Co-Chair; Chief Investment Officer, Spring Point Partners LLC
Cynthia Koehler	Workgroup Co-Chair; Executive Director, WaterNow Alliance

Ashley Allen Jones	Founder and CEO, i2 Capital
Angela Bricmont	Chief Finance Officer, Denver Water
Stacy Brown	President and CEO, Freberg Environmental, Inc.
Theodore Chapman	Investment Banking Analyst, Hilltop Securities, Inc.
Janet Clements	President and Founder, One Water Econ
Jeffrey Diehl	CEO, Rhode Island Infrastructure Bank
George Kelly	Global Client Strategy Officer, Earth Recovery Partners
Lawrence Lujan	Executive Director, Taos Pueblo Utility Service
Dennis Randolph	City Traffic Engineer, City of Kalamazoo Public Services Department
Sanjiv Sinha	Chief Sustainability Officer, Environmental Consulting & Technology, Inc.
David Wegner	Senior Consultant on Water, Climate Change, and Asset Risk Assessment, Water Science and Technology Board, National Academy of Sciences
Gwen Yamamoto Lau	Executive Director, Hawaii Green Infrastructure Authority

II. Program Structure

Name	Title / Affiliation
Ashley Allen Jones	Workgroup Co-Chair; Founder and CEO, i2 Capital
Lori Collins	Workgroup Co-Chair; Owner and Principal, Collins Climate Consulting
Stacy Brown	President and CEO, Freberg Environmental, Inc.
Jeffrey Diehl	CEO, Rhode Island Infrastructure Bank
Eric Hangen	Senior Research Fellow, Center for Impact Finance, Carsey School of Public Policy, University of New Hampshire
Craig Holland	Senior Director of Urban Investments, The Nature Conservancy
Craig Hrinkevich	Public Finance Team – New Jersey Managing Director, Robert W. Baird & Company, Inc.
Margot Kane	Chief Investment Officer, Spring Point Partners LLC
George Kelly	Global Client Strategy Officer, Earth Recovery Partners
Lawrence Lujan	Executive Director, Taos Pueblo Utility Service
Marilyn Waite	Managing Director, Climate Finance Fund
Gwen Yamamoto Lau	Executive Director, Hawaii Green Infrastructure Authority

III. Execution, Reporting, & Accountability

Name	Title / Affiliation
Theodore Chapman	Workgroup Co-Chair; Investment Banking Analyst, Hilltop Securities, Inc.
MaryAnna Peavey	Workgroup Co-Chair; Grants and Loans Bureau Supervisor, Idaho Department of Environmental Quality
Ashley Allen Jones	Founder and CEO, i2 Capital
Stacy Brown	President and CEO, Freberg Environmental, Inc.
Jeffrey Diehl	CEO, Rhode Island Infrastructure Bank
Phyllis Garcia	Treasurer, San Antonio Water System
Eric Hangen	Senior Research Fellow, Center for Impact Finance, Carsey School of Public Policy, University of New Hampshire
George Kelly	Global Client Strategy Officer, Earth Recovery Partners
Cynthia Koehler	Executive Director, WaterNow Alliance
Dennis Randolph	City Traffic Engineer, City of Kalamazoo Public Services Department
Gwen Yamamoto Lau	Executive Director, Hawaii Green Infrastructure Authority

EPA Client

Alejandra Nunez – EPA Office of the Administrator
Timothy Profeta – EPA Office of the Administrator

Appendix 13. Office of Water Proposed Charges

PROPOSED CHARGES FOR EPA'S ENVIRONMENTAL FINANCIAL ADVISORY BOARD

OFFICE OF WATER

Protecting Historic Investment into Water Infrastructure for the Future: Congress and President Biden have delivered a historic influx of funding for water infrastructure to communities through the Bipartisan Infrastructure Law and the American Rescue Plan Act. These efforts build on the successful EPA State Revolving Fund and Water Infrastructure Finance and Innovation Act programs. While communities are eager to utilize this funding and many are familiar with best practices, some communities – especially those that may be disadvantaged or designated environmental justice communities – may need additional assistance to ensure that this influx on one-time funding is sustainably invested. The agency recognizes that a factor of this sustainability may require harmonizing these investments with its regulatory efforts. There are several benefits to sustainable financial planning including greater financial predictability, ability to address areas of historic underinvestment and unmet need, future financial self-sufficiency, and improvements to relationships with local decision-makers and customers. EPA looks to support communities in realizing the long-term benefits of sustainable investments and asks for EFAB's expertise in possible ways the agency could accomplish this goal.

STATE REVOLVING FUNDS

CHARGE 1: UTILIZATION OF SRF ADDITIONAL SUBSIDIES TO TARGET ASSISTANCE TO NEIGHBORHOODS OR HOUSEHOLDS IN NEED

The CWA specifically allows CWSRF programs to provide additional subsidization to communities that do not meet a state's affordability criteria, but where the assistance recipient seeks additional subsidization to benefit individual ratepayers in the residential user rate class that will experience a significant hardship from the increase in rates necessary to finance the project if additional subsidization is not provided. This provision has not been widely implemented by the SRF programs and EPA wishes to support its use in states. State program managers and utilities have identified potential difficulties in pursuing this opportunity to invest in needed projects while also assisting customers who face affordability challenges. Some utilities cannot charge differing rates to customers within the same rate class; EPA and states are not sure how SRF funds would flow from the federal Treasury though state programs to the assistance recipients and then "credited" to the customers the additional subsidization is intended to benefit. The Agency asks EFAB to research the possible flow of funds, through rate structures or other mechanisms, for additional subsidization provided under this authority reaches ratepayers that would experience a financial hardship as a result of an increase in rates necessary to fund the project.

- Clean Water Act section 603(i)(A)(ii) states that "Additional subsidization may be provided "to benefit a municipality that does not meet the affordability criteria of the State if the recipient—(I) seeks additional subsidization to benefit individual ratepayers in the residential user rate class; (II) demonstrates to the State that such ratepayers will experience a significant hardship from the increase in rates necessary to finance the project or activity for which assistance is sought; and (III) ensures, as part of an assistance agreement between the State and the recipient, that the additional subsidization provided under this paragraph is directed through a user charge rate system (or other appropriate method) to such ratepayers."

CHARGE 2: EFFECTIVE UTILIZATION OF WATER INFRASTRUCTURE INVESTMENTS

With the passage of the Bipartisan Infrastructure Law, states have found themselves in the unique position of receiving historic allotments of funding in addition to the annual SRF allotment, that can be used through the SRFs for water infrastructure needs. Many states have managed their programs in a timely and expeditious manner and are situated well to absorb these new resources and address water quality and public health concerns. However, some state programs, experience lower fund utilization and may or may not have a difficult time spending these new funds in addition to their current assets. EPA has often stressed the importance of timely and expeditious use of funds be it through handbooks, program guidance, and policy memos such as the ULO policy. The Agency is wondering if there are other ways of thinking about or ways to analyze the fund and ensure all resources are utilized in states for water quality and public health.

The Clean Water Act and the Safe Drinking Water Act require expenditure of funds in an expeditious and timely fashion. The Agency requests EFAB research and make recommendations about the current suite of metrics and analysis EPA does in conducting fiduciary oversight and if there are other ways to analyze or gauge whether a program is meeting this requirement. Of interest is understanding and assessing cash balances given the wide variability in capitalization levels of the unique programs and the differing levels of fund complexity from non-leveraged to funds that regularly leverage. EFAB could look to the lending industry for standard practices to contextualize recommendations about loan portfolio management with respect to cash balances observed within the SRF context. Are there additional opportunities for ratio analysis, trend analysis, incorporating audited financial statements, and cash flow modeling and to what extent can the Agency adopt best practices?

CHARGE 3: IMPROVING EFFICIENCY OF IMPLEMENTING EPA FUNDING

In its July 6, 2022, letter to Administrator Regan, the Local Government Advisory Committee (LGAC) recommended: "EPA should work with states to make the process of getting funding from EPA to a community more efficient, and even developing a related metric to encourage state-to-state competition." While LGAC recognized that some states and communities did not need this guidance, they identified a need for incentivization for others. The agency, as part of the effort to promote collaboration between its advisory councils, would ask EFAB to research challenges communities experience in receiving EPA funding and ways to address these challenges. EFAB could also propose ways to recognize those states who make improvements in efficiently reaching historically underserved communities, such as an awards program, and measurement methodology.

TECHNICAL ASSISTANCE

CHARGE 4: SUSTAINABLE TECHNICAL ASSISTANCE

The Bipartisan Infrastructure Law provided an unprecedented level of investment in developing and providing technical assistance to communities. This investment requires a similar level of unprecedented coordination to identify community challenges and translate those needs into technical assistance. The agency also recognizes that addressing these needs may extend beyond the technical assistance funding provided under the Bipartisan Infrastructure Law. This proposed charge would ask EFAB to consider ways technical assistance could be established in a sustainable manner to reflect the agency's long-term commitment to assisting communities with effectively utilizing funding. The Board could also research different aspects of technical assistance and provide insight on the future of this assistance.

CHARGE 5: DECENTRALIZED WATER SYSTEMS OPERATIONS & MAINTENANCE

Homeowners with decentralized (septic) systems face a unique challenge in that they are responsible for the care and maintenance of their systems. There is little financial or logistical support to ensure that, after these systems are installed, they are sustainable in the long-term. This charge is for the EFAB to advise the agency on options for how to address the long-term operations and maintenance (O&M) around decentralized wastewater systems to ensure that once new systems are installed, there is also a plan for O&M that is realistic and achievable. Disadvantaged communities are at higher risk of premature system failures simply due to lack of proper O&M; the EFAB should provide advice on options for how to help these communities ensure their investments are protected.

AFFORDABILITY

CHARGE 6: COMMUNITY ASSISTANCE PROGRAMS

With funding provided to states and communities through the Bipartisan Infrastructure Law and the American Rescue Plan Act, utilities have developed or increased availability of Customer Assistance Programs (CAPs). These programs serve to help economically disadvantaged customers pay their utility costs or reimburse the utility for customer nonpayment. To achieve these goals, communities throughout the country have implemented varying methods to apply these customer assistance programs. This charge would ask the Board look into successful community assistance programs and propose ways that other communities could institute and fund similar programs to meet their needs. This charge would focus on the funding approaches currently being used and potential new approaches, such as SRF financing or private sector financing, for these assistance programs. An important aspect would be exploring ways that communities could fund and implement these within the bounds of their state regulations.

CHARGE 7: BIL SECTION 50108 NEEDS ASSESSMENT FOR RURAL AND URBAN LOW-INCOME COMMUNITY WATER ASSISTANCE

Congress has directed the Agency to conduct a needs assessment for nationwide rural and urban low-income community water assistance authorized in section 50108 of the Infrastructure Investment and Jobs Act (Public Law 117–58). This study would examine the prevalence of municipalities, public entities, or Tribal governments serviced by rural, medium, or large water providers that service a disproportionate percentage of qualifying households with need or have taken on an unsustainable level of debt due to customer nonpayment. As part of the assessment of needs, the Agency could evaluate water assistance programs and water affordability, such as evaluating information on rate structure, service disconnections due to customer nonpayment for services, service restorations following disconnection for nonpayment, customer arrearages, unpaid bills sent to the local taxing authority for collection, and any information regarding water assistance programs or payment plans offered. The Office of Water would ask the Board to provide advice on the content of this survey, how to best execute the survey, and the content of the resulting report.

CHARGE 8: RATE STRUCTURING

Management of water systems is often sustained by customer revenues. As costs for water infrastructure and operations and maintenance (O&M) continue to rise, vulnerable, low-income, minority, and tribal communities bear this burden disproportionately to others. Developing a rate structure that best supports the system's priorities and objectives will help systems meet their CWA obligations and reduce the burden on its customers. Communities across the country are examining ways they currently set rates and looking for guidance on ways, within the boundaries of their state regulations, that rate design could be adjusted to offset costs to their most vulnerable residents while still making progress on their capital infrastructure projects. This proposed charge for EFAB would consider what options exist for rate structuring to help households who would be adversely affected by significantly increased rates and can be accomplished within the bounds of existing state legal requirements or restrictions. Options might include percentage of income plans, lifeline rates, income-based rate structures, senior assistance plans, payment restructuring programs, and customer charge waivers.

MUNICIPAL BOND INDEBTEDNESS

CHARGE 9: MUNICIPAL BOND INDEBTEDNESS

Communities throughout the country, and in particular within the Great Lakes Region, are heavily burdened with environmental debt. Smaller communities may disproportionately face carrying this debt to pay for environmental mandates while larger communities within the region do not have these responsibilities. This proposed charge asks EFAB to investigate possible financing mechanisms that could ease this burden for smaller communities and, if feasible, ways the municipal bond indebtedness burden could be alleviated through regional partnerships.