

U.S. Environmental Protection Agency Environmental Financial Advisory Board

Public Meeting Minutes

Sept. 20, 2022

Location: Virtual

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	1
Welcome, Member Roll Call, and Greenhouse Gas Reduction Fund	1
Opportunity Zones Workgroup Presentation and Discussion	2
Pollution Prevention Finance Workgroup Presentation and Discussion	3
Recap and Wrap Up	6
Adjourn	6
Appendix 1. Federal Register Announcement	7
Appendix 2. Agenda	8
Appendix 3. EFAB Members	9
Appendix 4. Draft Opportunity Zones Recommendations	10
Appendix 5. P2 Presentation	18

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 is for the Opportunity Zones and Pollution Prevention Workgroups to present their draft deliverables to EFAB and solicit feedback on the drafts.

The meeting was announced in the Federal Register (see appendix 1). Please see appendix 2 for the agenda.

Welcome, Member Roll Call, and Review of Agenda

Welcome

Designated Federal Officer (DFO) Edward (Ed) H. Chu welcomed attendees and reminded everyone that the EFAB's meeting and materials are open to the public and all its materials are available online. He noted the purpose of the meeting is to hear from the EFAB's Opportunity Zones workgroup and Pollution Prevention workgroup and to offer feedback on their work products. He said there will be no public comment period at this meeting and noted there were no written comments submitted. He thanked EFAB members, EPA staff, and all others who made the meeting possible.

Ed Chu formally opened the meeting and turned the meeting over to the EFAB Chair, Kerry O'Neill, for the roll call.

Roll Call

Members present

Kerry E. O'Neill, Chair
 Ashley Allen Jones
 Courtney Black
 Matt Brown
 Stacy D. Brown
 Theodore Chapman
 Albert Cho
 Lori Collins
 Sonja B. Favors
 Phyllis R. Garcia
 Barry Hersch
 Craig Hrinkevich
 Margot M. Kane
 Tom Karol
 George W. Kelly
 Gwen Keys Fleming
 Colleen Kokas
 MaryAnna H. Peavey
 Dennis A. Randolph
 William Stannard
 Dave Wegner
 David Zimmer

Members not present

Steven J. Bonafonte
 Angela Montoya Bricmont
 Janet Clements
 Zachary Davidson
 Jeffrey R. Diehl
 Eric Hangen
 Edward Henifin
 Craig Holland
 Cynthia Koehler
 Joanne Landau
 Lawrence Lujan
 Eric Rothstein
 Sanjiv Sinha
 Marilyn Waite
 Gwen Yamamoto Lau

Tara Johnson, alternate DFO, confirmed a quorum.

Greenhouse Gas Reduction Fund

Ed Chu requested some time before moving into the agenda items. He noted that the Inflation Reduction Act (IRA) allocated \$27 billion to the Greenhouse Gas Reduction Fund and has an implementation period of 180 days. He said EPA is very interested in leveraging these taxpayer dollars to maximize greenhouse gas reductions. He noted that about \$15 billion should target low-income and disadvantaged communities with zero-emission technologies and other clean energy initiatives. The agency is interested in EFAB's help with this challenge. Ed Chu said he would like to gauge EFAB member interest in developing a charge related to this. If so, because of time constraints, he would like the EFAB to form a small exploratory workgroup to begin working with the agency this week. Ed Chu opened the matter to an expedient discussion and vote. He said that this would likely mean very intense work by the new workgroup members and at least one, possibly two meetings, before the end of the calendar year.

Kerry O'Neill said some members have already expressed interest, and she iterated the intensity of work required.

Ed Chu clarified that the group he is asking the Board to convene today would explore with the EPA what the charge would look like. They would then come back to the full board for a vote on the draft charge.

Ed Chu said that background information will be shared with the EFAB in the coming weeks. Kerry O'Neill asked members who would like to be involved to reach out to Ed Chu or Kerry O'Neill. She asked if members would be willing to vote now on forming the charge committee. Members voted by using the Raise Hand feature or by voice; Tara Johnson counted the votes and announced that members voted to form the workgroup.

Given the tight timeframe in which the funds need to reach communities, MaryAnna Peaway asked workgroup members to consider existing programs, which already have the infrastructure in place to administer funds efficiently and quickly.

Opportunity Zones Workgroup Presentation and Discussion

Margot Kane and William Stannard, workgroup co-chairs

This discussion concerned the draft recommendations prepared by the Opportunity Zones (OZ) workgroup (see appendix 4), which was shared with members in advance of the meeting. Margot Kane said the charge has evolved over the years and she is excited about its expanded scope on how EPA can help communities with environmental justice (EJ) concerns leverage other investments in addition to the OZ mechanism. She invited comments from Michelle Madeley or Jon Grosshans at EPA. Michelle Madeley said the charge was formulated when there was a lot of discussion at EPA about OZ, and they are excited about the way the charge morphed into thinking about EPA's role in supporting community access to OZ funding and more. Jon Grosshans concurred, saying that takeaways from this work can be applied to new opportunities coming up, such as those presented by the IRA discussion that opened this meeting. Margot Kane said that recent EPA initiatives have dovetailed nicely with some of the workgroup's recommendations, and she invited EPA and EFAB members to continue to send examples.

Margot Kane said the workgroup focused on EPA's unique role in supporting high-priority communities (EJ communities, low-income communities, and communities of color) by setting preconditions and

seeding the ground for communities to determine what sources of private and public capital are best suited for their initiatives. In this role, EPA can help these communities get to the point at which they can access multiple sources of funding in addition to OZ capital. She thanked the expert panel, the workgroup, and EPA for their input and examples, and she iterated that examples at the state and local levels are especially welcome, as the workgroup had focused primarily on the federal level.

Bill Stannard highlighted EPA's role facilitating the development of community capacity to reach beyond OZ funding opportunities. The ability of these communities to secure funding and reinvest in their infrastructure will result in more resilient and sustainable environmental services to community members. He opened the floor for questions and comments.

Dave Zimmer mentioned the State Revolving Fund (SRF) Program and said that, although state's have the same authority, they don't all implement the program the same because of differing legal frameworks as so on. He said his state (New Jersey) is already financing components of redevelopment projects and it's not a stretch to expand the concept to apply to OZs and EJ communities. He added that, in an enabling role, EPA can play a part decreasing risks for developers or increasing their return. He added that, in New Jersey—in part because of the Bipartisan Infrastructure Law—financing through the SRF can save up to 86% compared with financing through other mechanisms.

Dave Zimmer also noted the importance of bringing technical assistance (TA) to communities, particularly EJ communities who may never have gone through a SRF process in the past. How do we reach them? EPA can spearhead this on the federal level.

Margot Kane agreed that getting that early TA to communities that haven't benefitted from funding opportunities in the past is crucial, and the federal government must leverage the networks and build relationships to reach target communities and get them in the funding pipeline. This is behind the workgroup's recommendation for EPA to work with intermediaries such as Environmental Finance Centers (EFCs).

Bill Stannard added that the SRF processes are essential, and EFCs can help build community capacity through pre-development TA as well as through other processes.

Kerry O'Neill reminded members that the draft is the near final version and in October the board will vote on the final recommendations. Ed Chu urged members to review the draft and to be ready for a vote on the draft at the October meeting.

Kerry O'Neill asked EFAB members to send any examples they want to share in writing so that the workgroup can quickly incorporate them into to draft.

Pollution Prevention Finance Workgroup Presentation and Discussion

Ashley Allen Jones, workgroup chair

Kerry O'Neill said a draft recommendation letter will be ready for the next meeting, but for now, the workgroup will walk through the approach the Pollution Prevention (P2) workgroup used to get information and feedback. (See appendix 5 for slides.)

For the benefit of EFAB's several new members, Ashley Allen Jones and EPA sponsor David Widawsky reviewed the charge and the workgroup's approach. Ashley Allen Jones said the workgroup focused on gaps in funding for pollution prevention projects in key sectors. She explained that the workgroup grappled with four key questions pertaining to this issue and put together series of workshops that allowed the workgroup to explore the questions with outside experts (see appendix 5, slide 3 for details). She said the EFAB and EPA teams have been deeply engaged, which allowed the workgroup to move quickly through the charge.

David Widawsky provided some background on EPA constructs and P2 program (see slide 4). He explained that P2 is focusing on five industrial sectors because of their potential for impact. These sectors are food and beverage; auto; aerospace, fabricated metals; and chemical processing and manufacturing. Challenges include: how does EPA help companies identify pollution prevention opportunities within their sectors, and how does it make sense from a business standpoint for companies to take advantage of pollution prevention opportunities? Beyond cost questions, how do companies successfully finance these opportunities?

David Widawsky noted that the timing for the P2 workgroup's recommendations is optimal because 71 pollution prevention grants are becoming active over the next couple of months. There will be a workshop with grantees in December on how to support them. He said EFAB's recommendations will be immediately applicable and valuable to the whole pollution prevention program at EPA.

Ashley Allen Jones shared that the workgroup looked at projects that had been funded through community finance institutions, projects funded through collaboration with state programs and through commercial enterprises, and they looked at qualities that allowed the projects to be funded. They looked for cost efficiencies as well as performance enhancements. She iterated that they focused on industries with big environmental footprints related to energy, water, and toxics because interventions in these areas will have the highest return. When looking at the projects that would qualify for P2 funding, the workgroup observed that these often involved process management, materials substitutions, manufacturing modifications, and resource recovery. Pollution prevention often means replacing a process or technology at the manufacturing level.

Ashley Allen Jones then gave an overview the series of subject matter expert panels that the workgroup convened and said that as a part of their deliverable she will share links to these workshops.

Based on the groundwork and EPA's current capacity to execute, the workgroup proposed the following recommendations categorized as P2 grant program, education and training, and risk-reduction mechanisms.

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”

Ashley Allen Jones said although P2 is already a robust program, there is an opportunity to focus the next round of grant on those with expertise in the sectors that have advanced some level of case studies

financial capacity and made some inroads into accessing capital. That could lead to a strategy that funds cohorts, such as a strategy successfully deployed by USDA. Such a strategy could lead to cross-sector collaboration.

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)

EPA is already doing this, Ashley Allen Jones said, but also said there is an opportunity for EPA to fund concrete, robust sector-specific case studies, which will be a large undertaking. Webinars could be a way to convey P2 success stories so they understand what challenges exist and also how they can be overcome.

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, Small Business Administration, U.S. Department of Agriculture, state-level programs, U.S. Department of Education, etc.)

Ashley Allen Jones said that the next steps are to develop the formal letter. The workgroup will also share its webinar recording, a resource package, and PowerPoint presentation.

Ed Chu expressed his appreciation for the expert webinars as an innovation to bring in perspectives from outside the EFAB. He also thanked the EPA clients for their committed engagement.

Kerry O'Neill asked for any feedback for the workgroup before they draft the letter. Ed Chu noted they could also take feedback offline. Kerry O'Neill said a draft letter will be shared with the full board before the next meeting so there will be an opportunity to offer feedback then, as well.

Angela Bricmont thanked the committee for their work and said their work is foundational for other charges.

Margot Kane suggested looking at value-chain work around financing solutions in food waste that ReFED has created in conjunction with the private-, nonprofit-, and government-sectors for an ecosystem approach.

Kerry O'Neill raised the need for specific ideas on where P2 grant dollars should go; the models could then be promoted and replicated across sectors or geographies. EPA could be a funding partner for some of these models.

Stacy Brown added that being more sector focused and ensuring that some standardization is in place will make this easier to go forward. It's a broad topic, so narrowing down the focus will be essential to making it a successful charge. If one sector can nail it down, other sectors can replicate.

George Kelly mentioned trying to understand embedded carbon savings and linkages with monies. He asked if there is an opportunity link potential funding that aspect.

Ashley Allen Jones replied that the issue came up repeatedly, and that Martin Silcott (founder of Manufacturer 2030) discussed how, in the automotive sector, original equipment manufacturers (OEMs) are driving preferential supplier financing and treatment. Carbon is a big opportunity.

Ed Chu said, with respect to greenhouse gas reduction fund, that will be a significant issue. In addition to accountability for spending, we'll have to demonstrate that the billions in spending are reducing greenhouse gases.

Kerry O'Neill thanked the workgroups for their efforts.

Recap and Wrap Up

Ed Chu reminded members to get back to them about the greenhouse gas exploratory workgroup.

Secondly, he said they are planning to hold a hybrid meeting in Denver in October.

Adjourn

Ed Chu closed the meeting.

Appendix 1. Federal Register Announcement



Federal Register / Vol. 87, No. 169 / Thursday, September 1, 2022 / Notices

53743

Description: § 205(d) Rate Filing: Decommissioning Cost Reimbursement Agreement with Pawtucket to be effective 7/26/2022.

Filed Date: 8/26/22.

Accession Number: 20220826-5143.

Comment Date: 5 p.m. ET 9/16/22.

Docket Numbers: ER22-2733-000.

Applicants: Black Mesa

Interconnection, LLC.

Description: Baseline eTariff Filing: Amended and Restated Shared Facilities Agreement to be effective 10/26/2022.

Filed Date: 8/26/22.

Accession Number: 20220826-5146.

Comment Date: 5 p.m. ET 9/16/22.

The filings are accessible in the Commission's eLibrary system (<https://elibrary.ferc.gov/idmws/search/fercensearch.asp>) by querying the docket number.

Any person desiring to intervene or protest in any of the above proceedings must file in accordance with Rules 211 and 214 of the Commission's Regulations (18 CFR 385.211 and 385.214) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: <http://www.ferc.gov/docs-filing/efiling/filing-req.pdf>. For other information, call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Dated: August 26, 2022.

Kimberly D. Bose,
Secretary.

[FR Doc. 2022-18949 Filed 8-31-22; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[P-14803-001]

Klamath River Renewal Corporation; PacifiCorp; Notice of Availability of the Final Environmental Impact Statement for the Surrender, Decommissioning, and Removal of the Lower Klamath Hydroelectric Project

In accordance with the National Environmental Policy Act of 1969 and the Federal Energy Regulatory Commission's (Commission) regulations, 18 CFR part 380, the Office of Energy Projects has reviewed the application for surrender of license and removal of project works for the Lower Klamath Hydroelectric Project No.

14803 and has prepared a final environmental impact statement (EIS).¹ The project is located on the Klamath River in Klamath County, Oregon, and in Siskiyou County, California. The project occupies approximately 400 acres of federal lands. These federal lands are administered by the U.S. Department of the Interior, Bureau of Land Management (BLM).

The final EIS contains staff evaluations of the applicant's proposal and the alternatives for surrender of the Lower Klamath Project. The final EIS documents the views of governmental agencies, non-governmental organizations, affected Indian Tribes, the public, the applicants, and Commission staff.

In this notice, we acknowledge the number of pages in this final EIS exceeds the final EIS page limits set forth in CEQ's Final Rule for proposals of unusual scope or complexity. Noting the scope and complexity of this proposal, the Director of the Office of Energy Projects, as our senior agency official, has authorized this page limit exceedance for the final EIS.

In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons with an opportunity to view and/or print the final EIS via the internet through the Commission's Home Page (<http://www.ferc.gov/>), using the "eLibrary" link. Enter the docket number, excluding the last three digits in the docket number field, to access the document. At this time, the Commission has suspended access to the Commission's Public Reference Room, due to the proclamation declaring a National Emergency concerning the Novel Coronavirus Disease (COVID-19), in a Presidential proclamation issued on March 13, 2020. For assistance, contact FERC Online Support at FERCOnlineSupport@ferc.gov, or toll-free at (866) 208-3676, or for TTY, (202) 502-8659.

Additional information about the project is available from the Commission's Office of External Affairs, at (866) 208-FERC, or on the FERC website (www.ferc.gov) using the eLibrary link. The eLibrary link also provides access to the texts of all formal documents issued by the Commission, such as orders, notices, and rulemakings.

¹ On April 20, 2022, the Council on Environmental Quality (CEQ) issued a final rule, National Environmental Policy Act Implementing Regulations Revisions (Final Rule, 87 FR 23453), which was effective as of May 20, 2022. Accordingly, Commission staff prepared this EIS in accordance with CEQ's new regulations.

In addition, the Commission offers a free service called eSubscription that allows you to keep track of all formal issuances and submittals in specific dockets. This can reduce the amount of time you spend researching proceedings by automatically providing you with notification of these filings, document summaries, and direct links to the documents. Go to <https://www.ferc.gov/ferc-online/overview> to register for eSubscription.

Dated: August 26, 2022.

Kimberly D. Bose,
Secretary.

[FR Doc. 2022-18945 Filed 8-31-22; 8:45 am]

BILLING CODE 6717-01-P

ENVIRONMENTAL PROTECTION AGENCY

[FRL-10175-01-OW]

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

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice of public meeting webinar.

SUMMARY: The Environmental Protection Agency's (EPA) Environmental Financial Advisory Board (EFAB) will hold a public meeting webinar. The purpose of the webinar will be for the Opportunity Zones and Pollution Prevention Workgroups to present their draft deliverables to EFAB and solicit feedback on the drafts. The meeting will be shared in real-time via webinar and public comments may be provided in writing in advance.

DATES: The webinar will be held on Tuesday, September 20, 2022 from 1 p.m. to 2:30 p.m. (Eastern Time).

ADDRESSES: The meeting will be conducted via webinar only and is open to the public. Interested persons must register in advance at the weblink below to access the meeting.

FOR FURTHER INFORMATION CONTACT: Ed Chu, the Designated Federal Officer, via telephone/voice mail at (913) 551-7333 or email to efab@epa.gov. General information concerning the EFAB is available at <https://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

Appendix 2. Agenda

U.S. Environmental Protection Agency
Environmental Financial Advisory Board

Public Webinar
Location: Virtual via Zoom

September 20, 2022
1:00-2:30 pm Eastern Time

1:00 pm	WELCOME, MEMBER ROLL CALL, & REVIEW OF AGENDA <ul style="list-style-type: none"> Edward H. Chu – EFAB Designated Federal Officer Kerry O’Neill – EFAB Chair
1:15 pm	OPPORTUNITY ZONES WORKGROUP PRESENTATION <ul style="list-style-type: none"> Margot Kane and William Stannard, workgroup co-chairs
1:30 pm	OPPORTUNITY ZONES QUESTIONS AND DISCUSSION
1:50 pm	POLLUTION PREVENTION FINANCE WORKGROUP PRESENTATION <ul style="list-style-type: none"> Ashley Allen Jones, workgroup chair
2:05 pm	POLLUTION PREVENTION FINANCE QUESTIONS AND DISCUSSION
2:25 pm	RECAP & WRAP-UP <ul style="list-style-type: none"> Edward H. Chu – EFAB Designated Federal Officer Kerry O’Neill – EFAB Chair
2:30 pm	ADJOURN

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

Appendix 3. EFAB Members

U.S. ENVIRONMENTAL PROTECTION AGENCY ENVIRONMENTAL FINANCIAL ADVISORY BOARD

Edward H. Chu, Designated Federal Officer

Kerry E. O'Neill (Chairperson), Inclusive Prosperity Capital, Inc., Stamford, Connecticut
Ashley Allen Jones, i2 Capital, Washington, D.C.
Courtney L. Black, City of Kent, Kent, Washington
Steven J. Bonafonte, The Metropolitan District of Hartford, Hartford, Connecticut
Angela Montoya Bricmont, Denver Water, Denver, Colorado
Matthew T. Brown, District of Columbia Water and Sewer Authority, Washington, D.C.
Stacy D. Brown, Freberg Environmental, Inc., Denver, Colorado
Theodore Chapman, Hilltop Securities Inc., Dallas, Texas
Albert Cho, Xylem Inc., Washington, D.C.
Janet Clements, One Water Econ, Loveland, Colorado
Lori Collins, Collins Climate Consulting, Charlotte, North Carolina
Zachary Davidson, Ecosystem Investment Partners, Baltimore, Maryland
Jeffrey R. Diehl, Rhode Island Infrastructure Bank, Providence, Rhode Island
Sonja B. Favors, Alabama Department of Environmental Management, Montgomery, Alabama
Phyllis R. Garcia, San Antonio Water System, San Antonio, Texas
Eric Hangen, Center for Impact Finance at the Carsey School of Public Policy, University of New Hampshire, Danby, Vermont
Edward Henifin, Hampton Roads Sanitation District (retired), Virginia Beach, Virginia
Barry Hersh, New York University, New York, New York
Craig Holland, The Nature Conservancy, Arlington, Virginia
Craig A. Hrinkevich, Robert W. Baird & Company Inc., Red Bank, New Jersey
Margot M. Kane, Spring Point Partners LLC, Philadelphia, Pennsylvania
Thomas Karol, National Association of Mutual Insurance Companies, Washington, D.C.
George W. Kelly, Earth & Water Strategies, Denver, Colorado
Gwen Keyes Fleming, DLA Piper LLP, Washington, D.C.
Cynthia Koehler, WaterNow Alliance, San Francisco, California
Colleen Kokas, Environmental Liability Transfer, Inc., Lahaska, Pennsylvania
Joanne Landau, Kurtsam Realty Corp., Croton-on-Hudson, New York
Lawrence Lujan, Taos Pueblo Utility Service, Taos, New Mexico
MaryAnna H. Peavey, Idaho Department of Environmental Quality, Boise, Idaho
Dennis A. Randolph, City of Kalamazoo, Kalamazoo, Michigan
Eric Rothstein, Galardi Rothstein Group, Chicago, Illinois
Sanjiv Sinha, Environmental Consulting & Technology Inc., Ann Arbor, Michigan
William Stannard, RAFTELIS, Kansas City, Missouri
Marilyn Waite, Climate Finance Fund, Washington, D.C.
David Wegner, National Academy of Sciences, Tucson, Arizona
Gwen Yamamoto Lau, Hawaii Green Infrastructure Authority, Honolulu, Hawaii
David Zimmer, New Jersey Infrastructure Bank, Lawrenceville, New Jersey

Appendix 4. Draft Opportunity Zones Recommendations

<p style="text-align: center;">DRAFT</p> <p style="text-align: right;">Page 1 of 8</p> <hr style="border: 1px solid black;"/> <p style="text-align: center;">ENVIRONMENTAL FINANCIAL ADVISORY BOARD</p> <hr style="border: 1px solid black;"/> <p><u>Members</u> Kerry O'Neill, Chair Ashley Allen Jones Courtney L. Black Steven J. Bonafonte Angela Montoya Bricmont Matthew T. Brown Stacy Brown Theodore Chapman Albert Cho Janet Clements Lori Collins Zachary Davidson Jeffrey R. Diehl Sonja B. Favors Phyllis Garcia Eric Hangen Edward Henifin Barry Hersh Craig Holland Craig A. Hrinkevich Margot Kane Thomas Karol George W. Kelly Gwendolyn Keyes Fleming Cynthia Koehler Colleen Kokas Joanne V. Landau Lawrence Lujan MaryAnna H. Peavey Dennis A. Randolph Eric Rothstein Sanjiv Sinha William Stannard Marilyn Waite David L. Wegner Gwen Yamamoto Lau David Zimmer</p> <p><u>Designated Federal Officer</u> Edward H. Chu</p>	<p>September 16, 2022</p> <p>The Honorable Michael S. Regan Administrator U.S. Environmental Protection Agency 1200 Pennsylvania Avenue, NW Washington, D.C. 20460</p> <p>Dear Administrator Regan:</p> <p>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:</p> <p style="padding-left: 40px;">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.</p> <p style="padding-left: 40px;">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.</p> <p style="padding-left: 40px;">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.</p> <p>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.</p> <p>Executive Summary</p> <p>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.</p> <p>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</p>
---	---

Creative Approaches to Funding Environmental Programs, Projects, and Activities

DRAFT**Page 2 of 8**

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 low-income, people of color and/or indigenous communities and communities with EJ concerns, hereinafter referred to also as "high priority" 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 migrating 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 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.

DRAFT

Page 3 of 8

We highlight the successful partnership the EPA formed with FEMA to produce a Memorandum of Understanding regarding hazard mitigation funds and SRF funds, and the recently announced partnership with USDA, "*Closing America's Wastewater Access Gap Community Initiative*," as examples of the collaborative interagency possibilities.¹

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, communities must have the resources to address these before even soliciting investors. In addition, from the 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 high priority 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 funds, and Brownfield remediation grants for high priority communities that also qualify for OZ, USDA and NMTC funds (which is already in evidence in aligning funding with the Justice40 initiative).
- Enabling SRF loans to include high priority communities to secure professional services to conduct planning for off-site infrastructure in support of OZ development projects to enhance related community benefits.

¹ <https://www.epa.gov/newsreleases/biden-harris-administration-launches-epa-usda-partnership-provide-wastewater>

DRAFT**Page 4 of 8****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 ²application 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 high priority communities. 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.

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.

² <https://www.epa.gov/grants/epa-grant-competition-calendar-community-grants>

DRAFT

Page 5 of 8

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, EJSJ, OLEM, etc. in ways that support priority access to these funds for high priority communities 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 their relationships with high 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.³

Conclusion

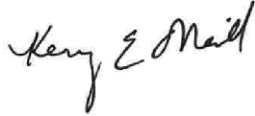
We thank the EPA for the opportunity to provide advice, examples and recommendations on how EPA can facilitate attracting more private investment to low-income, people of color, and indigenous communities and communities with EJ concerns.

Sincerely,

³ <https://www.bizjournals.com/albuquerque/news/2021/05/21/unm-receives-epa-grant-funding.html>

DRAFT

Page **6** of **8**



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

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
Radhika Fox, Assistant Administrator for Water

DRAFT

Page 7 of 8

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 disadvantaged 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


DRAFT

Page 8 of 8

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 5. P2 Presentation



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

9/19/2022 1

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

9/19/2022 2

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

<p>Problem</p> <ul style="list-style-type: none"> • Gaps in funding for P2 projects for SMEs <p>Key Questions</p> <ul style="list-style-type: none"> • 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? 	<p>Approach</p> <ul style="list-style-type: none"> • 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 <p>Timeline</p> <ul style="list-style-type: none"> • November 2021 – October 2022
--	---

9/19/20223

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

More Preferable

Less Preferable

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

E3 Facilities Assessment

NetZero; Supply Chain Sustainability

9/19/20224

Financing Small Manufacturer Pollution Prevention Projects
 In Collaboration with: EPA Office of Pollution Prevention and Toxics
 EPA Source Reduction Examples

Financing Model

```

graph TD
    A[Upfront Financing for P2 Projects] --> B[P2 Project Implementation (Capital Cost)]
    B --> C[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)

9/19/2022
5

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

9/19/2022
6

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 inputs to manufacturing*).
- ✓ 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

9/19/2022 7

Financing Small Manufacturer Pollution Prevention Projects

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

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

9/19/2022 8

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”

9/19/2022

9

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).

9/19/2022

10

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

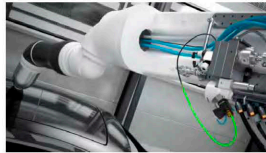
9/19/2022

11

- 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 partnerships 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.

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.)



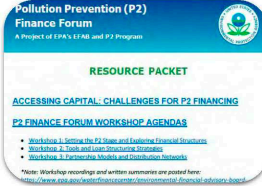
9/19/2022

12

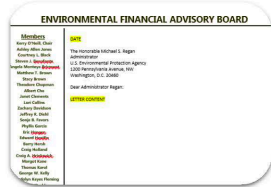
EFAB P2 Charge Deliverables



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)