



May 12, 2023

Michael S. Regan, Administrator
U.S. Environmental Protection Agency
Office of the Administrator
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator Regan,

Thank you for the opportunity to provide feedback on the GGRF Implementation Framework, and for your team's substantial, thoughtful progress to date. We have aimed to keep our comments brief, highlighting a few areas of considerations across the following categories that we hope will be useful to your team as you prepare to roll out the NOFO this summer:

- I. Evaluating How Applicants' Program Plans Will Advance GGRF Program Objectives
- II. Considerations for the Solar for All Competition
- III. Adding Flexibility to the Capitalization Funding and Technical Assistance Caps in the Clean Communities Investment Accelerator

RMI does not intend to apply for any of the GGRF program competitions. RMI also supports the "GGRF Awardee Best Practices for Equity and Governance Pledge", led by Just Solutions Collective, for administering this fund in an equitable and meaningful way. We encourage EPA to implement these funds with the best practices outlined in the pledge.

I. Evaluating How Applicants' Program Plans Will Advance GGRF Program Objectives.

We agree with the three overarching program objectives EPA has identified, and we would like to offer a few recommendations on the first and second for your consideration in evaluating applications.

(1) "reduce emissions of greenhouse gases and other air pollutants"

We support that EPA has framed this objective as requiring that the "projects, activities, and technologies" invested in by the GGRF program reduce real-economy emissions, rather than tracking financed emissions. Financed emissions reductions are not always a good proxy for investments needed to meet this program objective. For instance, some projects, activities, or technologies may not individually reduce greenhouse gas emissions in line with the US Nationally Determined Contribution but may be necessary to provide complementary or enabling infrastructure to bring other technologies on-line. Further, investments to transition the US' existing high-emitting assets (ranging from buildings to coal power generation) could result in a near-term increase in financed emissions. Finally, some investments may lead to eventual emissions reductions beyond the loan tenure or investment horizon (e.g., in the case of bridge financing to access other IRA clean energy financing incentives). To avoid creating adverse incentives, we hope EPA will evaluate applicants' proposed climate impact reporting metrics with this same nuanced framing.

While RMI generally agrees with the priority project categorization for the National Clean Investment Fund and Clean Communities Investment Accelerator competitions, financial and technical assistance priorities will be hyper-localized with additional, critical financing needs that may fall outside of these project priorities. For instance, rural and disadvantaged communities may have pre-requisite financing needs to build out basic road infrastructure before Transportation Pollution Reduction projects that may be viable in

a different zip code (e.g., public transit and fleet electrification) will be realistic priorities. We encourage EPA to take a flexible and adaptive approach to evaluating applicants and projects that fall outside of the priority project categories, especially in the case that a project element outside of the specific scope supports an element in the scope.

We appreciate that the framework addresses transparency requirements for direct recipients and sub-grantees to articulate their reporting and impact assessment plans at the project and program level, and that EPA is not being overly prescriptive at this stage. At the same time, a lack of climate reporting standardization has created implementation challenges in the private financial sector, where disparate and inconsistent requirements from different investors and regulators creates undue burden and compromises comparability across actors. After reviewing applicants' proposals, EPA should consider how program reporting requirements can be designed to proactively mitigate these challenges for GGRF recipients and sub-grantees. Technical guidance may also be needed to support both direct recipients and sub-grantees who may have limited experience or resources to measure and report on climate and community benefits.

(2) "deliver benefits to American communities, particularly low-income and disadvantaged communities"

We strongly agree with the EPA's stated objective to ensure that GGRF funds deliver benefits to low-income and disadvantaged American communities. In evaluating proposals, we encourage EPA to give value to applicants who can exceed the baseline of the Justice40 target as their benefits metric given that this program was specifically designed to support low-income and disadvantaged communities. In future guidance, we ask that EPA explicitly define the type of benefits that the program aims to create. Examples of benefits could include job creation or economic development. We feel that it is important to focus on these types of benefits rather than taking a narrower approach of ensuring projects are sited in low-income and disadvantaged communities.

The community lenders served by this program play a crucial role in their communities with transactions like offering first time homeowners' mortgages and helping small businesses grow by supporting projects like renovations or repairs. GGRF grants present an opportunity to integrate green projects into existing offerings by participating lenders.

We hope EPA will evaluate applicants on their ability to:

1. deliver decarbonization outcomes in a way that builds lasting wealth;
2. ensures local impact and benefit; and
3. addresses the underlying risk drivers that have long impeded equitable investment in low-income and disadvantaged communities.

Achieving the EPA's objective of market transformation will require that financing enabled by GGRF grants drives long-term economic development and leaves beneficiary households and communities in a better financial position to access affordable private financing in the future without concessionary capital or government intervention.

Business-as-usual approaches to increasing financial accessibility, such as concessional debt or loan guarantees, may not be viable or effective solutions for low-income and historically disadvantaged communities. While these tools can unlock financing for otherwise "risky" investments, these financing solutions tend to protect the investor at the expense of the borrower. In particular, these tools risk eroding

a borrower's ability to meet existing loan obligations and other living expenses, and they are a band-aid fix if they do not contribute to building the creditworthiness of the borrower. For example, instead of providing loan-loss reserves, direct recipients could provide credit enhancements for consumers, like wage or property value insurance products contingent on clean energy investment and employment.

RMI offers these potential metrics to evaluate how applicants can achieve the three objectives referenced above:

- **Metrics to evaluate the depth and robustness of applicants' networks in target communities**
 - *Physical branch/office locations in target communities*
 - *Membership or affiliation with local economic development organizations (e.g., local chambers of commerce)*
 - *Geographic data (e.g., zip codes) of outstanding loan portfolios or projects*
 - *Letters of support from elected community leaders (e.g., mayors or other officials)*
 - *Procurement or contracting processes that are fair, transparent, and encourage the participation of local vendors, suppliers, and contractors*
- **Metrics to evaluate applicants' intent and ability to develop and deploy financial and technical assistance that will be accessible, affordable, and deliver transformative benefits to target communities**
 - *Impact of proposed financing on borrowers' FICO scores (e.g., credit enhancements for borrowers)*
 - *Intent and ability to offer financial products:*
 - *With low or no credit requirements*
 - *Without barriers to entry including payment of reserves or excessive fees*
 - *That expand beyond concession debt (e.g., to include equity financing)*
 - *That offer more flexible, patient, and risk-tolerant terms*
 - *Consideration of non-traditional metrics in assessing counterparty risk to ensure eligibility based on alternative socioeconomic characteristics and/or alternative financial capacity indicators*
- **Metrics to evaluate proposals on their likelihood of deliver lasting wealth in target communities**
 - *Inclusion of community-led strategies and ownership models (e.g. [Mixed Income Neighborhood Trusts](#))*
 - *Inclusion of knowledge and resource sharing plans to enable entrepreneurs and local communities to learn from and scale successful investment and business models*
 - *Inclusion of plans for interdisciplinary, multi-stakeholder project development approaches to ensure that financing is paired with local enabling services (e.g. the [Kensington Corridor Trust that partners tenants with locally owned contractors](#))*
 - *Demonstrated ability to drive and measure progress against tangible community improvements, such as:*
 - *improvements in community health outcomes;*
 - *increased access to quality greenspace;*
 - *growth in median income for target census tracts;*
 - *growth of high-quality jobs and employment rates across income tracts;*
 - *increase of locally- and minority-owned businesses; and*
 - *reduction in energy burden across households.*

Additionally, we believe EPA should avoid language that portrays essential elements for GGRF programs to reach their equity goals and requirements as optional. For example, the proposed guidance mentions applicants “*may*” include plans for equity accountability, equity and community benefits, labor and workforce, governance, etc., in their applications. These details should be presented as requirements to ensure EPA can accurately gauge each applicant’s ability to collaborate with communities.

Finally, as referenced above, we urge EPA to refer to the key best practices outlined in the “GGRF Awardee Best Practices for Equity and Governance Pledge”, led by Just Solutions Collective, for administering this fund in an equitable and meaningful way. This includes robust community engagement and incentivizing partnership with Minority, Women, and Disadvantaged Business Enterprises (MWDBEs), cooperatives, labor, and community-based organizations within the evaluation criteria.

II. Considerations for the Solar for All Competition.

Overall, RMI is supportive of the \$7 billion Zero Emissions Technology Fund and believe it is a gamechanger for low-income and disadvantaged communities who are too often excluded as beneficiaries of clean energy projects. We believe the six recommendations below will help make this competitive fund more equitable and higher impact.

- (1) “Types of Projects: Grantees will enable low-income and disadvantaged communities to deploy or benefit from residential rooftop and community solar photovoltaic (PV) projects, associated storage, and enabling upgrades.”***

From legislative text to initial guidance to framework language, the \$7 billion pot of funding changed from the “Zero Emissions Technology Fund” to the “Solar for All Competition”. In the initial legislative text this funding was “to deploy or benefit from zero-emission technologies, including distributed technologies on residential rooftops, **and to carry out other greenhouse gas emission reduction activities**” but the framework changed it “to deploy or benefit from residential rooftop and community solar photovoltaic (PV) projects, associated storage, **and enabling upgrades.**” While this change seems to prioritize solar and storage, RMI hopes that EPA will include energy efficiency (EE) and electrification projects within the definition of “enabling upgrades” because they would help ensure that solar plus storage deployment actually reduce energy costs, which is part of the program objective of delivering benefits. **EPA should explicitly state EE and electrification projects are included in “enabling upgrades” in their next round of guidance.** If “enabling upgrades” does not include EE and electrification, it would unnecessarily restrict this fund to just solar and storage, which would have the following unintended consequences:

- **Prevents Holistic Upgrades:** If the goal is to address energy, health and economic burdens, this fund should support projects that will holistically improve homes prioritizing resiliency, health upgrades, energy efficiency and electrification in low-income and disadvantaged communities, not just limiting it to solar. Gas prices are also at an all-time high across several states, furthering the energy burden crisis.
- **Prevents Community Resiliency Infrastructure:** Additionally, as extreme heat and other weather-related events are on the rise, it is important to weather-proof homes by prioritizing energy efficiency and heat pump HVAC systems that provide both heating and cooling options. Infrastructure projects like the Community Resiliency Centers in California promote overall resiliency needs by focusing on different technologies placed strategically in communities that bear the disproportionate burden of extreme weather events and utility shut offs.

- **Prevents system-level cost savings:** [Through our analysis](#) we've found that EE, electrification, and solar often go hand in hand to support the most cost effective and projects. The more EE is used within a project or projects, the smaller (and therefore cost effective) the solar and / or storage systems. In some locations with high electricity rates, undertaking beneficial electrification projects alone will not be cost effective, while pairing beneficial electrification projects with solar does result in a payback. Especially with the goal of “delivering a minimum of 20 percent net savings to low-income households”, allowing recipients to design programs that use all the energy saving technologies possible to reduce household energy cost will better set them up for success. Given EE, electrification, and solar all support healthier homes with lower utility bills, if one type of project benefits or enables the other, it is important to allow flexibility here.
- **Solar isn't always viable in dense urban areas:** Dense urban areas, home to many low-income and disadvantaged communities, are not always well set up to support rooftop solar or even community solar. For these households to benefit from solar they either need to have rooftop availability, which often isn't the case in cities like NYC which have primarily high-rise buildings, or nearby land to site community solar, which again isn't typically available. For disadvantaged communities where solar is not possible, EE, storage and electrification projects can still reduce energy bills.

At minimum, this competition should allow grantees to support EE and electrification projects to work in tandem with solar projects. Ideally, and in keeping with the original legislative text, this competition should support solar, EE, and electrification projects either combined or separately.

(2) “Grantees will be expected to ensure that, in line with the Justice40 Initiative, 40% of benefits from this competition flow to disadvantaged communities”

The legislative text dictates that the \$7 billion pot of funding is to make grants “for the purposes [...] [enabling] low-income and disadvantaged communities to deploy or benefit from zero-emission technologies [...]”¹. This unique language is not included in all IRA or IJJA programs. The Justice40 Initiative is a useful minimum threshold for funding that isn't specific to low-income or disadvantaged communities, but considering this program was designed to serve those communities, we would encourage EPA to target 100% of this funding to benefit these communities. Further, as stated in the section focused on objectives, EPA should clearly define benefits and focus on meaningful direct benefits to low income and disadvantaged communities.

(3) “there will be a separate funding track for approximately 1–3 awards to directly serve Tribal nations”

We encourage at least five awards directly serve tribal nations, either through the tribal funding track, or through the non-tribal track by granting awards to non-profits with expertise in building capacity and implementing similar projects on tribal lands. Tribes are particularly situated to benefit from residential and community solar projects that offer low-cost energy, resiliency, and ownership of energy assets.

Due to factors including historic discrimination, complexity of land ownership and utility structures on tribal lands, and relative isolation from the power grids, tribal members often face great challenges in building wealth while also dealing with higher-than average energy costs or lacking electricity access altogether. For example:

¹ <https://www.congress.gov/117/plaws/publ169/PLAW-117publ169.pdf#page=250>

- Unemployment rate across Indian Country is consistently at least double that of the US as a whole. (<https://data.bls.gov/timeseries/LNU04035243>)
- More than seventy-five percent of the unelectrified homes in the United States are located on tribal lands, according to [American Public Power Association](#).
- Native American households have an average energy burden (the percentage of gross household income spent on energy costs) that is 45% higher than non-Hispanic white household ([Drehobl, Ross, and Ayala 2020](#)). Additionally, [DOE's LEAD Tool](#) clearly shows tribal areas have higher energy burdens than the majority of the states surrounding them.
- According to Cheri Smith, founder and CEO of Indigenous Energy Initiative, even where grid connections exist, many residents of reservations are “charged twice as much, if not more, for their electrons as people living right down the road” because of discriminatory rate structures. The impact of those higher rates is compounded by poorly built and insulated homes using out-of-date heating systems. (St. John, Canary Media)
- Furthermore, 5.4% of total US utility-scale solar generation potential (10,689 TWh) is within tribal borders (Milbrant, Heimiller, and Schwabe 2018).

(4) “impact to average low-income energy burden”

Applications should not be prioritized based on the ability to lower *average* low-income energy burden across a state, territory, or Tribe, but on the ability to lower energy costs for the highest energy burdened households. Applications should demonstrate the ability to lower the energy affordability gap across a state, territory, or Tribe. The energy affordability gap is defined as the difference between the total energy bills paid by energy-cost-burdened households and the total amount that is considered affordable. Researchers typically define affordable energy household costs as less than 6% of household income spent on energy bills (Drehobl, Ross, and Ayala 2020). In essence, the energy affordability gap is a metric that measures the total annual costs of achieving full energy affordability across a certain territory or certain population groups. Simply measuring the average reduction in low-income energy burden masks the impacts at the individual household level and does not ensure benefits accrue to those most burdened by high energy costs.

(5) “EPA expects selections will be made for each geographic area based on program need and vision”

In addition to the factors listed in the Implementation Framework, when evaluating context-specific program needs, some helpful guidelines to consider include:

- Community solar, rather than rooftop solar, should be prioritized in areas where people do not own their own homes, targeted electrification projects are feasible and community resiliency centers are identified as a community infrastructure need.
- Community or rooftop solar *without* storage should be prioritized where homes are connected to the grid but high energy burden threatens the ability of those families to pay for other basic needs.
- Solar *with* storage should be prioritized where:
 - Homes are not connected to the grid and lack power or are reliant on fossil fuel generators that are a health hazard and release GHGs
 - Residents rely on electricity to run life-saving medical equipment

- Homes are subject to frequent power shut offs due to wildfire, high wind events, or other reasons

Additionally, while EPA plans to provide funding to each geographic area, we would encourage higher levels of funding in states with 1) higher energy burden 2) qualified energy communities 3) better solar potential 4) stronger applications with a plan to deploy more cost-effective solar capacity. When possible, EPA should prioritize programs that support projects that can benefit from the ITC energy community adder, domestic content adder, and low-income adder ensuring that the funding goes further.

Finally, EPA should be willing to award more than 60 awards if needed. For example, if a state doesn't plan to put in an application, but 5 cities in that state do (or if the 5 cities have stronger applications than the one state), we would encourage EPA to award multiple smaller grants to those cities. This may result in more than 60 awards, which feels appropriate rather than funding just one city program at a level that is overwhelming.

(6)“EPA expects to implement the statutory language by defining eligible financial assistance, consistent with the definition of “Federal financial assistance” at 2 CFR § 200.1, as subgrants, rebates, subsidies, other incentive payments, or loans. ”

We encourage the EPA to prioritize applicants who can explain how the types of intended financial support will address identified problems facing specific project types, technologies, and community members / groups. For instance, applications should be able to explain the implications of their intended use of subgrants or subsidies versus loans or other incentives, and 100% subgrants or subsidies should only be used when absolutely necessary. Projects are more likely to receive vital upkeep including operations and maintenance if users have ownership or resources at stake.

III. Adding Flexibility to the Capitalization Funding and Technical Assistance Caps in the Clean Communities Investment Accelerator.

Rather than capping Capitalization Funding to community lenders at \$5 million, we suggest implementing more flexibility that maximizes efficiency and allows the hub non-profits to deploy larger awards in certain situations, including when pipeline is in place and recipients have the ability and infrastructure to effectively deploy the capital. Awards should be tied to the size and capacity of community lenders. We support NRDC's recommendation to replace the cap with a formula-based cap sized to a community lender's net assets and/or pipeline in place, as well as their recommendation to re-evaluate capitalization funding annually.

For these awards' corresponding technical assistance, we encourage EPA to increase the 12.5% cap on subawards, as this may not be high enough for all projects and community lenders, especially at the outset of the program. Community lenders have a wide variety of experience implementing GHG reduction projects, and larger awards may be needed in some instances. A higher cap than 12.5% is likely necessary to ensure all community lenders benefiting from subgrants have sufficient resources to invest in the necessary internal and external capacity (e.g., upskilling in-house on new markets and products, community outreach and education, and network-building).

For instance, it will be particularly important to equip community lenders who are new to working with contractors and installers of green projects with resources to learn about the right organizations to engage



for different types of technical assistance. For example, when deploying solar projects, predatory practices including equipment mark-ups could occur in the absence of guidance advising competitive procurements for local installers. EPA can work to ensure grantees are equipped with technical guidance that reflects best practices and minimum standards (e.g., the types of resources provided by the [Relay Network](#)). At the same time, pipeline development will necessarily be localized. Pairing best practice guidance with appropriate technical assistance subsidies at the lender level can empower community lenders to invest in finding the right local organizations to engage for different types of technical assistance.

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Thank you for your consideration of our comments on the Implementation Framework. As always, we would welcome the opportunity to further discuss any of our responses, as well as any other ways our team at RMI could support EPA in this immense effort.

To reach out with any questions or other follow-up, please contact Whitney Mann, (847) 370-9756, wmann@rmi.org.