U.S. Environmental Protection Agency
Environmental Financial Advisory Board

Public Meeting Minutes

December 1, 2022

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

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 to discuss the Greenhouse Gas Reduction Fund charge.

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

Please see appendix 2 for the agenda and appendix 3 for EFAB member names and affiliations.

Welcome and Review of Agenda

Edward H. Chu | EFAB Designated Federal Officer
Kerry O'Neill | EFAB Chair
Alejandra Nunez | EPA Charge Client
Tim Profeta | EPA Charge Client

Welcome

Ed Chu welcomed participants and noted that the sole purposed of the meeting was to discuss the EFAB's Greenhouse Gas Reduction Fund (GHGRF) charge. He said that oral public comments would not be recevied during this meeting; however, written comments could be submitted to efab@epa.gov, which will be monitored throughout the meeting. He said that comments already received for the day's meeting have been posted on EPA's website. Comments for the December 15 meeting are due by December 8.

Alejandra Nunez said she appreciated workgroup members' hard work, which is resulting in some concrete ideas and options for the Agency. Tim Profeta also expressed his gratitude to the group.

Kerry O'Neill thanked the public for their engagement with the EFAB. She shared the charge and said that the present meeting will be a check-in with the full Board. She noted the compressed timeline the members are working under and reminded attendees that the work that will be presented is not yet done. She urged Board members to raise any concerns or issues that would prevent them from moving the recommendations forward at the upcoming meeting on December 15.

Attendance

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

Execution, Reporting, and Accounting Workgroup

Ted Chapman and **MaryAnna Peavey** | Workgroup Co-chairs

Note: Presentations are in appendix 4.

MaryAnna Peavey began by explaining that, while not disregarding medium- to long-term goals, the workgroup has been focusing on the short-term timeframe and specifically on success metrics and developing recipient terms and conditions. The workgroup sought to learn from other federal programs and to create guidance for EPA's consideration.

MaryAnna Peavey said the workgroup's initial measures of success included total GHG avoided in disadvantaged communities; total funding awarded to direct recipients in disadvantaged communities; total funding expended by indirect recipients; total leverage achieved; continued operability/self-sufficiency ratio (earned income divided by total expenses); and number of jobs created or retained.

She shared information on the strengths and weaknesses of some of the programs the workgroup researched. For example, she said the Clean Water State Revolving Fund (SRF) program can fund a broad array of projects. Its strengths are that it has a decades-long track record of success; it has good oversight, and it maximizes use of funds. In contrast, she said that some of the program's challenges are that it depends on continued appropriations. Although the SRF is likely to be funded year after year, that is not the case with the GHGRF.

MaryAnna Peavey said the workgroup also looked at EPA's nonpoint source program, EPA's Water Infrastructure Finance and Innovation Act program, U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant program, the American Recovery and Reinvestment Act, and the American Rescue Plan Act. She welcomed suggestions from the group on other programs they should look into.

Ted Chapman raised the issue of the need to get GHGRF monies out the door quickly versus the need for accountability; he pointed specifically to the need to ensure that funds are going to the eligible recipients they are intended for. He said the workgroup has been deeply engaged and the public comments have been fantastic and are being worked into the discussion. He said the workgroup is interested in making sure that money that is invested in disadvantaged communities stays in those communities. For instance, if a solar farm is installed in a community, the energy shouldn't be shipped elsewhere.

He said the workgroup considered the issue of how to create feedback loops without being burdensome. Good governance goes hand-in-hand with technical assistance (TA) because reporting, monitoring, or other types of feedback will be necessary for grant recipients. Recipients have to be able to decide that the administrative burden won't be too high.

Ted Chapman said the group talked about guardrails and a way to stay accountable to low-income and disadvantaged communities, and the workgroup would welcome more input into this part of the discussion. Other discussions included how to ensure reductions in greenhouse gas emissions as well as how to leverage and recycle the grants so that the GHGRF program doesn't end in 2024.

Eric Hangen explained that the workgroup was trying to look at how to align reporting and application requirements with the core aspirations of the legislation—greenhouse gas reductions—but also with benefits from low- and moderate-income communities.

George Kelly suggested the workgroup look at a California law that includes guidance on reducing greenhouse gas emissions in disadvantaged communities. He also asked about whether measures will be at the project level or the programmatic level. Ted Chapman replied that the group had discussed the issue, but the details need more consideration. George Kelly added that it's better for grant recipients know up front how success will be measured.

Eric Hangen said one of the things the workgroup may want to talk about more is the possibility of developing a tool to bring a methodology across sectors and regions that recipients or subgrantees could use to estimate and report greenhouse gas abatement impacts.

Albert Cho suggested it may be helpful to look at the U.S. Department of Energy's loan programs office and their funds for advanced technologies.

Regarding how to ensure additionality of projects and continued operability, Ted Chapman iterated that feedback loops were important, and the workgroup has more to discuss on the issues.

Kerry O'Neill said that, although the presentation was high level, a lot of details are on the slides, and she asked the group to read them.

Program Structure Workgroup

Lori Collins and **Ashley Allen Jones** | Workgroup Co-chairs

Lori Collins said that at the November 17 presentation, the workgroup shared four options. But as the workgroup began to evaluate the options, they added two more: lender intermediaries and the combination structures.

States, municipalities, and tribes. Lori Collins said the first approach is for EPA to solicit competitive grant proposals from states, municipalities, and tribes. She said this is an option for the $7 billion pot of money, but the entities could also be eligible for other funding. In this strategy, EPA would ask applicants to describe how they would allocate the funds and how funds would benefit disadvantaged communities. She said EPA could use a hybrid award model that makes funding contingent on meeting certain qualifications and conditions. Next, she pointed out strengths of the model, such as equitable access to the funds. Weaknesses in the model include a competitive process that may disadvantage some entities, among others.

National Green Bank/Fund. The second approach Lori Collings discussed would solicit competitive proposals from entities to create and manage a single national green bank that would then redeploy the funds to other eligible entities or eligible recipients. In this strategy, EPA would ask applicants to describe how they would allocate the funds across the country along the value chain and how the funds would address greenhouse gas reductions at scale.

Lori Collins pointed out that an important strength of this approach is a relatively low administrative burden on EPA. It is also the best option to optimize the funds. A national green bank doesn't yet exist,

but state level green banks already exist. She said weaknesses of the model include a concentration of funds that have to flow through multiple layers before they reach end users.

Regional Collective Action. Lori Collins said this strategy would seek regional solutions. Applicants would be asked to identify regional opportunities, barriers, and priorities for greenhouse gas reduction. In addition, applicants would be asked to provide details on how the regional partnership would work. Benefits of this strategy are that applicants would be encouraged to take a holistic view of what is going on regionally, leverage resources, and establish partnerships. Challenges include the time it takes to work at the regional level and potentially complex management structures. The workgroup felt this is the least viable option.

Sectoral Collective Action. With this strategy, Lori Collins explained, EPA would ask applicants to address a particular sector, such as community solar, home retrofits, electric vehicles, and so on. A big strength is that it could promote innovation and free EPA to heavily invest in certain sectors. On the other hand, she said, national sectoral strategies would still encounter regional challenges, and there are few national players in specific sectors.

Lender Intermediaries. Lori Collins said this approach already exists, so it would be a way to channel funding to green lending programs through established intermediaries. In this scenario, applicants would describe their network of lending organizations and the strategies these organizations are using to reduce greenhouse gas emissions, as well as the sectors and geographical reach. A strength of this approach is speed, as well as a low administrative burden for EPA. Challenges include ensuring lenders invest in TA, capacity building, and other value chain supports.

Combination of Structures. EPA could have a national strategy supported by state, regional, sectoral, and direct solutions. Among other requirements, applicants would be asked to create partnerships. Because EPA wouldn't rely on one strategy, this option reduces risks and can promote innovative thinking. On the downside, there would be a large administrative and oversight burdens for EPA.

Lori Collins shared a table the workgroup created to capture GHGRF design requirements (including governance, reporting systems, etc.) and the reasons they work or are viewed as burdens. She said the Program Structure workgroup is coordinating with other GHGRF workgroups to be ready for the December 15 public meeting.

Jeff Diehl suggested that EPA might consider dividing the $7 billion into two buckets: one for states and municipalities or local authorities, and one for tribal communities. He added that, in terms of the hybrid model, if applications exceed availability, then EPA could consider scaling back so that credible and competitive applicants are funded, perhaps setting a floor so that competitive and credible applications receive a minimal amount that provides an economy of scale.

Eric Hangen said that, although not every regional has strong collaborations, he is aware of mission-driven lenders and TA providers who work in specific regions. Regarding the national green bank strategy, he said there are many indirect recipients. He advised against suggesting allocations for EPA in the combination of structures approach. Finally, emphasized that the workgroup is suggesting that EPA run a competitive process for every strategy mentioned.

Ashley Allen Jones added that she's enthusiastic about the sector approach. She said that a consistent theme in finance is that in order to fund projects, you need to understand the technology.

Barry Hersh said he was also interested in the sector approach as a way to promote technology. He said the HUD block grant program was originally distributed based on population, but after the 9/11 terrorist attacks, it became a way to get funding out the door quickly. He said EPA could also create a program with flexibility in mind. He asked about capping administration fees. He also said he supports the idea of using established lenders with track records. Lastly, he added that the Brownfields Program led by David Lloyd has done an outstanding job of dealing with getting competitive applications around the country and providing TA.

Ed Chu said that the federal government may not be using a consistent standard for overhead. He gave an example of universities proposing very high overhead, whereas nonprofit organizations may have low overhead.

Objectives Workgroup

Cynthia Koehler and **Margot Kane** | Workgroup Co-chairs

Cynthia Koehler gave an overview of the workgroup's primary purpose, which is to help EPA think through how to finance greenhouse gas emissions reductions projects that are not currently resourced, primarily in historically disadvantaged communities.

She said the workgroup identified overarching principles to help EPA balance competing mandates in the legislation. She pointed out a need to balance equity and access with leverage goals, and to balance "shovel-ready" projects with capacity-building goals. Another principle is to consider is that there may be competing mandates in the near-term vs. the long-term. Rather than looking for a silver bullet, the workgroup advised designing the GHGRF to accomplish some objectives very well while ensuring performance of the portfolio overall.

The workgroup also identified a number of near-term trade-offs between program efficiency and program objectives. Cynthia Koehler offered the example of moving quickly to meet mandated timelines versus obtaining a measurable GHG reductions; leveraging private capital versus building capacity in disadvantaged communities; and the related challenge of ensuring that benefits reach disadvantaged communities versus the long-term financial sustainability of the fund itself. She said that these and other tradeoffs could be addressed by subjecting different funding streams to weights and to emphasize or de-emphasize objectives based on the direct or indirect recipient.

Cynthia Koehler shared several slides that provide details on how trade-offs may look in practice. Leverage, for example, allows for larger projects and helps taxpayer dollars go further, so it's a good match for large asset-backed projects. As such, recipients such as states, large cities, national green banks, and lender intermediaries would be a good match.

Cynthia Koehler said that part of the charge was to consider complementary structures to the GHGRF; there are many of these programs and the workgroup put together a comprehensive list. She said the workgroup believes it would be beneficial for EPA to develop a mechanism to collaborate internally to coordinate financial assistance. The workgroup developed a few guiding principles to help EPA sort through the large number of programs to find good fits, such as programs that prioritize low-income and disadvantaged communities, focus on reducing greenhouse gas, or have established relationships with direct recipients.

She said the workgroup spent a lot of time thinking about guiding principles for defining low-income and disadvantaged communities. These include providing clarity to all direct and indirect recipients and participants; acknowledging that no one definition will meet the needs of every region, state, or community; and acknowledging the importance of defining disadvantaged communities more broadly than by median income or other existing federal and/or state metrics. She shared several slides on the workgroup's efforts to identify the strengths and weaknesses associated with each principle.

The workgroup also looked at the technical and financial assistance that funding recipients should be able to provide to low-income and disadvantaged communities. Cynthia Koehler said the type of TA needed will vary depending on the phase of implementation, project applicants, types of projects proposed, and so on. Cynthia Koehler said that, in addition to TA, the charge also asked about financial assistance. She said some public comments were helpful in this regard. One commenter suggested that it may materially advance the goals of the Fund for EPA to establish as an objective the creation of tools to facilitate the flow of funds through established vehicles for low-income communities, such as community development, financial institutions, or credit unions. She said another interesting idea that came via public comments was to establish alternative underwriting criteria, acknowledging that conventional criteria can perpetuate disparities.

Finally, the workgroup put together some indicators for success, including reporting on the design elements, reach into low-income and disadvantaged communities, capacity building and TA reporting, and other indicators.

The floor opened for discussion.

Eric Hangen said that an important balance for EPA to consider is whether it wants to invest in building balance sheets or invest in building markets. He said there needs to be significant investment in building ecosystem systems and markets, but the tradeoff is no leverage.

Kerry O'Neill said the EFAB is in the final sprint toward the December 15 public meeting, and she urged Board members to review the materials, looking in particular for anything that might prevent them from voting favorably on the final product on December 15. She reminded listeners they can email comments to efab@epa.gov but they should do it quickly, as the workgroups are in their final stretch.

Recap and Wrap-Up

Ed Chu | EPA Designated Federal Officer
Kerry O'Neill | EFAB Chair

Ed Chu thanked the group for their public service and tremendous efforts. He said their work will help EPA to develop an impactful approach. He said written public comments will be due on December 8.

Alejandra Nunez shared her appreciation and said a lot has been achieved in a short time. Tim Profeta said the workgroups have gone beyond expectations, and he is looking forward to the next meeting.

Adjourn

Ed Chu adjourned the meeting.

Appendix 1. Federal Register Announcement

Federal Register / Vol. 87, No. 211 / Wednesday, November 2, 2022 / Notices 66175

Policy Statement. FERC–552 remains the same and no changes are needed for that collection.

By the Commission.

Issued: October 27, 2022.

Kimberly D. Bose,

Secretary.

[FR Doc. 2022–23846 Filed 11–1–22; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings

Take notice that the Commission has received the following Natural Gas Pipeline Rate and Refund Report filings:

Filings Instituting Proceedings

Docket Numbers: RP23–77–000.
Applicants: ANR Pipeline Company.
Description: § 4(d) Rate Filing: Jackson Generation #132120–1 NCNR to be effective 11/1/2022.
Filed Date: 10/26/22.
Accession Number: 20221026–5203.
Comment Date: 5 p.m. ET 11/7/22.

Docket Numbers: RP23–78–000.
Applicants: Algonquin Gas Transmission, LLC.
Description: § 4(d) Rate Filing: Negotiated Rates—Amended Excelerate 510850 eff 11–01–22 to be effective 11/1/2022.
Filed Date: 10/26/22.
Accession Number: 20221026–5215.
Comment Date: 5 p.m. ET 11/7/22.

Docket Numbers: RP23–79–000.
Applicants: Transcontinental Gas Pipe Line Company, LLC.
Description: Compliance filing: Annual Penalty Revenue Sharing Report 2022 to be effective N/A.
Filed Date: 10/27/22.
Accession Number: 20221027–5020.
Comment Date: 5 p.m. ET 11/8/22.

Docket Numbers: RP23–80–000.
Applicants: Destin Pipeline Company, L.L.C.
Description: Compliance filing: Destin Pipeline Annual Fuel Retention Adjustment to be effective N/A.
Filed Date: 10/27/22.
Accession Number: 20221027–5037.
Comment Date: 5 p.m. ET 11/8/22.

Docket Numbers: RP23–81–000.
Applicants: Carolina Gas Transmission, LLC.
Description: § 4(d) Rate Filing: CGT—October 27, 2022 Administrative Change to be effective 12/1/2022.
Filed Date: 10/27/22.
Accession Number: 20221027–5043.
Comment Date: 5 p.m. ET 11/8/22.

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.

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

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: October 27, 2022.

Debbie-Anne A. Reese,

Deputy Secretary.

[FR Doc. 2022–23841 Filed 11–1–22; 8:45 am]

BILLING CODE 6717–01–P

ENVIRONMENTAL PROTECTION AGENCY

[FRL–10382–01–OW]

Notice of Public Environmental Financial Advisory Board Virtual Meetings

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice of public meetings.

SUMMARY: The United States Environmental Protection Agency (EPA) announces three public meetings of the Environmental Financial Advisory Board (EFAB). The meetings will be conducted in a virtual format via webcast. The purpose of the meetings will be for the EFAB to provide workgroup updates and work products for the Greenhouse Gas Reduction Fund charge. Written public comments may be provided in advance. No oral public comments will be accepted during the meetings. Please see the **SUPPLEMENTARY INFORMATION** section for further details.

DATES: The meetings will be held on:

1. November 17, 2022, from 1 p.m. to 3 p.m. Eastern Time;
2. December 1, 2022, from 1 p.m. to 3 p.m. Eastern Time; and
3. December 15, 2022, from 1 p.m. to 5 p.m. Eastern Time.

ADDRESSES: The meetings will be conducted in a virtual format via webcast only. Information to access the webcast will be provided upon registration in advance of each meeting.

FOR FURTHER INFORMATION CONTACT: Any member of the public who wants information about the meetings 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 *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 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 three public meetings via webcast for the following purpose: Provide workgroup updates and work products for the Board's Greenhouse Gas Reduction Fund charge.

Registration for the Meeting: To register for the meeting, please visit *https://www.epa.gov/waterfinancecenter/efab#meeting.* Interested persons who wish to attend the meeting via webcast must register by November 14, 2022 (for the November 17, 2022, meeting), November 28, 2022 (for the December 1, 2022, meeting), and December 12, 2022 (for the December 15, 2022, meeting). Pre-registration is strongly encouraged.

Availability of Meeting Materials: Meeting materials, including the meeting agenda and briefing materials, will be available on EPA's website at *https://www.epa.gov/waterfinancecenter/efab.*

Procedures for Providing Public Input: Public comment for consideration by EPA's federal advisory committees has a different purpose from public comment provided to EPA program offices. Therefore, the process for submitting comments to a federal advisory committee is different from the process used to submit comments to an EPA program office. Federal advisory committees provide independent advice to EPA. Members of the public may submit comments on matters being considered by the EFAB for consideration as the Board develops its advice and recommendations to EPA.

Written Statements: Written statements should be received by November 10, 2022 (for the November 17, 2022, meeting), November 25, 2022

(for the December 1, 2022, meeting), and December 8, 2022 (for the December 15, 2022, meeting), so that the information can be made available to the EFAB for its consideration prior to the meeting. Written statements should be sent via email to *efab@epa.gov*. Members of the public should be aware that their personal contact information, if included in any written comments, may be posted to the EFAB website. Copyrighted material will not be posted without explicit permission of the copyright holder.

Accessibility: For information on access or services for individuals with disabilities or to request accommodations for a disability, please register for the meeting and list any special requirements or accommodations needed on the registration form at least 10 business days prior to the meeting to allow as much time as possible to process your request.

Andrew D. Sawyers,

Director, Office of Wastewater Management, Office of Water.

[FR Doc. 2022–23796 Filed 11–1–22; 8:45 am]

BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY

[EPA–HQ–OPPT–2022–0835; FRL–10293–01]

Webinar and Opportunity To Submit Applications for the Assessment of Environmental Performance Standards and Ecolabels for Potential Inclusion in EPA's Recommendations for Federal Purchasing

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA) is expanding the Recommendations of Specifications, Standards and Ecolabels for Federal Purchasing (Recommendations) and is seeking managers of standards development organizations, ecolabel programs, and associated conformity assessment bodies to apply for potential assessment and inclusion in the Recommendations. Interested applicants should electronically submit responses to the scoping questions. Those considering applying are invited to attend a webinar hosted by the EPA's Environmentally Preferable Purchasing (EPP) Program to learn more and ask questions about the assessment process. Once all applications are received, EPA will issue an estimated timeline for full assessments against Sections I through IV of the Framework for the Assessment of Environmental Performance Standards and Ecolabels for Federal Purchasing (Framework). The number of full assessments that EPA can perform will depend on the number of applicants and available resources.

DATES:

Webinar: The Webinar will be held virtually on November 15, 2022, from 1:00 p.m. to 2:30 p.m. EDT. You must register online at *https://www.zoomgov.com/webinar/register/WN_gXXfTIpbS9CLgEQWQHsNKQ* in order to receive the webcast meeting link and audio teleconference information. EPA encourages timely registration, but you can register at any time before and up to the start of the meeting. Once you register, you will promptly receive an email with the necessary webcast meeting information.

Applications: On or before January 1, 2023, interested parties must electronically submit by email to *epp@epa.gov* responses to the scoping questions found at: *https://www.epa.gov/greenerproducts/framework-assessment-environmental-performance-standards-and-ecolabels-federal*. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

Special accommodations: Requests for special accommodations for the Webinar should be submitted on or before November 7, 2022, to allow EPA time to process the requests. For information on access or services for individuals with disabilities, and to request accommodation for a disability, please contact Jenna Larkin, listed under **FOR FURTHER INFORMATION CONTACT.**

ADDRESSES: EPA has established a docket for this action under docket identification (ID) number EPA–HQ–OPPT–2022–0835 that is available online at *https://www.regulations.gov*. Additional instructions on visiting the docket, along with more information about dockets generally, is available at *https://www.epa.gov/dockets*.

FOR FURTHER INFORMATION CONTACT: Jenna Larkin, Environmental Protection Specialist, Environmentally Preferable Purchasing Program (7409M), Office of Chemical Safety and Pollution Prevention, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460–0001; telephone number: (202) 564–3395; email address: *larkin.jenna@epa.gov*.

SUPPLEMENTARY INFORMATION:

I. Executive Summary

A. Does this action apply to me?

This is directed to the public in general. This notice may be of specific interest to persons who represent standards development organizations, ecolabel programs, and associated conformity assessment bodies that manage product or service environmental performance standards and/or ecolabels that could be considered for use in United States federal sustainable procurement efforts.

B. What action is the Agency taking?

EPA is expanding the Recommendations of Specifications, Standards and Ecolabels for Federal Purchasing. Interested applicants must submit their responses to the scoping questions electronically to *epp@epa.gov* by January 1, 2023. The scoping questions can be found in the docket or at *https://www.epa.gov/greenerproducts/framework-assessment-environmental-performance-standards-and-ecolabels-federal*.

C. What is the Agency's authority for taking this action?

This effort directly supports the implementation of several Executive Orders and statutes.

Executive Order 14008, entitled ''Tackling the Climate Crisis at Home and Abroad'' (86 FR 7619, February 1, 2021), directs the Federal government to lead by example and leverage its buying power to ''catalyze private sector investment into, and accelerate the advancement of America's industrial capacity to supply domestic clean energy, buildings, vehicles, and other necessary products and materials''. The expansion of the Recommendations will help to spur this market demand for more sustainable products and services.

Standards and ecolabels included in the Recommendations will also help to meet Executive Order 14030, entitled ''Climate-Related Financial Risk'' (86 FR 27967, May 20, 2021), which directs the Federal Acquisition Regulatory (FAR) Council to consider amending the FAR to ensure that major procurements minimize the risk of climate change.

The implementing instructions for Executive Order 14057, entitled ''Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability'' (86 FR 70935, December 13, 2021), directs EPA to consider expanding the Recommendations to facilitate net-zero emissions procurement and other related sustainable purchasing goals. In addition, it directs federal purchasers to prioritize products and services that address multiple environmental

Appendix 2. Agenda

U.S. Environmental Protection Agency
Environmental Financial Advisory Board

Public Meeting
Virtual Platform

December 1, 2022
1:00-3:00 pm Eastern Time

1:00 pm	**WELCOME AND REVIEW OF AGENDA** • Edward H. Chu – EFAB Designated Federal Officer • Kerry O'Neill – EFAB Chair • Alejandra Nunez and Tim Profeta – EPA Charge Client
1:15 pm	**EXECUTION, REPORTING, AND ACCOUNTING WORKGROUP** • Ted Chapman and MaryAnna Peavey – Workgroup Co-chairs
2:00 pm	**PROGRAM STRUCTURE WORKGROUP** • Lori Collins and Ashley Allen Jones – Workgroup Co-chairs
2:25 pm	**OBJECTIVES WORKGROUP** • Cynthia Koehler and Margot Kane – Workgroup Co-chairs
2:50 pm	**RECAP AND WRAP-UP** • Edward H. Chu – EFAB Designated Federal Officer • Kerry O'Neill – EFAB Chair
3:00 pm	**ADJOURN**

Appendix 3. EFAB Members

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

NAME	AFFILIATION	LOCATION	PERSPECTIVE REPRESENTED	CURRENT TERM	ORIGINAL APPOINTMENT DATE
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
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	State/Local Government	July 28, 2020 – June 15, 2023	June 15, 2018

NAME	AFFILIATION	LOCATION	PERSPECTIVE REPRESENTED	CURRENT TERM	ORIGINAL APPOINTMENT DATE
		(EPA Region 3)			
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
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

NAME	AFFILIATION	LOCATION	PERSPECTIVE REPRESENTED	CURRENT TERM	ORIGINAL APPOINTMENT DATE
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

NAME	AFFILIATION	LOCATION	PERSPECTIVE REPRESENTED	CURRENT TERM	ORIGINAL APPOINTMENT DATE
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
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. Slide Presentations

EPA Environmental Financial Advisory Board GHGRF Charge

Public Meeting

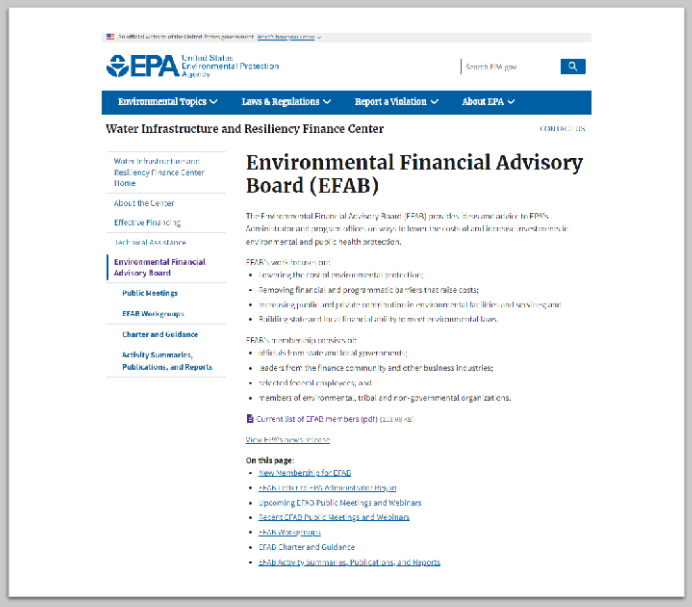
December 1, 2022

What is EFAB?

EFAB is a Federal Advisory Committee, an independent advisory body chartered under the Federal Advisory Committee Act (FACA) with members representing various constituencies

- All meetings are open to the public
- All materials are available online via EPA's website

For more information on EFAB, visit:
https://www.epa.gov/waterfinancecenter/efab



Charge Status

EFAB created three (3) workgroups for three (3) categories of charge questions:

1. Objectives
2. Program Structure
3. Execution, Reporting, and Accountability

Workgroup Progress

- Given the extremely compressed timeline of this charge (2 months vs. 1-2 years), workgroups have drawn on their own expertise and that of their constituent networks, reviewing public comments and other readily available literature
- Materials shared today are in no way meant to be exhaustive; they represent deliberations up to this point
- Workgroups have largely been working independently, with some coordination
  - Workgroup integration and coordination will be focus of next two (2) weeks
  - Overlapping themes will be addressed leading up to December 15, 2022

Today – Check in with full EFAB, review workgroup progress to date, and solicit feedback

- **Critical to raise any concerns as workgroups head into final two (2) weeks**

Upcoming charge schedule

- December 15, 2022 – EFAB Public Meeting to present the final charge deliverable(s) and vote on approval

Charge Background & Summary

Section 60103 of the Inflation Reduction Act of 2022 – Amended the Clean Air Act to create a new program: the Greenhouse Gas Reduction Fund (GHGRF)

- This first-of-its-kind program will provide competitive grants to mobilize financing and leverage private capital for clean energy and climate projects that reduce greenhouse gas emissions – with an emphasis on projects that benefit low-income and disadvantaged communities

The GHGRF provides $27 billion to EPA for expenditure until September 30, 2024. This includes:

- $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;
- Nearly $12 billion for competitive grants to eligible entities to provide financial and technical assistance to projects that reduce or avoid greenhouse gas emissions; and
- $8 billion for competitive grants to eligible entities to provide financial and technical assistance to projects that reduce or avoid greenhouse gas emissions in low-income and disadvantaged communities

EPA launched a coordinated stakeholder engagement strategy to help shape the implementation of the GHGRF and ensure economic and environmental benefits are realized by all Americans.

- Public Listening Sessions – November 1 and November 9, 2022; recordings available online
- Request for Information – Public comment period open until December 5, 2022
- **Solicitation of Expert Input from EFAB**
  - **EPA presented and EFAB approved a set of formal charge questions on October 19, 2022**
  - **Final charge deliverable(s) to EPA on December 15, 2022**

For more information on the GHGRF at EPA, visit:
https://www.epa.gov/inflation-reduction-act/greenhouse-gas-reduction-fund

GHGRF Charge – Execution, Reporting, and Accountability

Recap of Tasks / Scope

How to meet key deadlines in the:

- **Short-term – The 180-day requirement**
  - **Metrics for success – From application to post-implementation**
  - **Responsible implementation and oversight of funding**
- Medium-term – Next two years before funds expire in 2024
- Long-term – Beyond 2024

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Execution, Reporting, and Accountability Workgroup

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GHGRF Charge – Execution, Reporting, and Accountability

Metrics for Success – From Application to Post-Implementation

The metrics for success may be published in an Annual GHGRF Summary of Reports from direct recipients. Metrics could include:

- Total GHG emissions avoided (estimated metric tons CO_2)*
  - GHG emissions avoided in disadvantaged communities (# and % of Total)
  - GHG emissions avoided in non-disadvantaged communities (# and % of Total)
- Total funding awarded to direct recipients
  - Total funding ($ and %) deployed and invested in disadvantaged communities
  - Total funding ($ and %) deployed and invested in non-disadvantaged communities
  - Total funding ($ and %) deployed to indirect recipients
- Total funding expended by indirect recipients
  - $ and % of funds deployed and invested into disadvantaged communities
    - Number of LMI households served
    - Estimated energy savings for LMI households
  - $ and % of funds deployed and invested into non-disadvantaged communities
- Total leverage achieved
  - $ and % of leverage (total $ value of projects completed / total $ of GHGRF deployed) in disadvantaged communities
  - $ and % of leverage (total $ value of projects completed / total $ of GHGRF deployed) in non-disadvantaged communities
- Continued operability – Self-sufficiency ratio (earned income / total expenses) for direct recipients
- # of jobs created or retained (EPA may choose to adopt SBA's jobs created / retained metric)

**GHG avoided may be reported for Year 1 as well as for life of the system*

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GHGRF Charge – Execution, Reporting, and Accountability

Charge Question III.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)?

Considerations to meet key statutory deadlines:

- **Now through February 12, 2023**
  - Public comment period – Now through December 5, 2022
  - EFAB GHGRF charge deliverable – December 15, 2022
  - Identify fund award priorities, including workable **metrics for success**
  - Develop application review structure and weighting
  - **Develop appropriate recipient terms and conditions**
    - Reference other federal programs in place to reduce obstacles to assisting and deploying funds into low-income and disadvantaged communities
    - Explore existing federal templates and best practices that are used to evaluate program effectiveness
- February 13, 2023 → September 30, 2024
  - Make funding selection(s); commit and obligate all funding
  - Monitor implementation milestones, including fund expenditure by recipients, to ensure funds are appropriately and sustainably expended
  - Evaluate deployment metrics and impact reporting
- October 1, 2024 → Beyond
  - Monitor implementation milestones, including fund expenditure by recipients, to ensure funds are appropriately and sustainably expended
  - Evaluate program metrics

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GHGRF Charge – Execution, Reporting, and Accountability

Responsible Implementation and Oversight of Funds – $7B Bucket

- Timely deployment of funds to direct recipients (states, municipalities, tribal governments, and eligible recipients)
  - Direct recipient investments into qualified GHG reduction projects benefitting disadvantaged communities (DC) in the form of loans
  - Direct recipient investments into DC in the form of grants, other forms of financial assistance, and technical assistance
  - Direct recipient deployment to indirect recipients
    - Indirect recipient investments in qualified GHG reduction projects benefitting DC in the form of grants, loans, or other forms of financial and technical assistance
- Compliance to ensure investments in DC benefit the DC and are not merely located in a DC (e.g., Utility Scale Solar Farm located in a DC)
- Community accountability
  - Diverse board composition*
  - Historical track record and clean energy expertise to deploy funds to reduce GHG emissions in DC
- Transformative application of funds
  - Inclusive and non-traditional underwriting and structuring to reach deeper to benefit DC previously locked out of GHG reduction financing / investments

**Where practicable as it may be difficult for government agencies to achieve as directors may be statutorily appointed*

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GHGRF Charge – Execution, Reporting, and Accountability

Charge Question III.b: What types of requirements could EPA establish to ensure the responsible implementation and oversight of the funding?

Existing Federal program examples (not exhaustive)

Program	Strengths*	Weaknesses*
EPA Clean Water State Revolving Fund	• Decades-long track record of success as a federal program • Spurs good governance and financial profile among eligible recipients to score high enough to get funded • Maximizes use of limited funds	• Reliant on continuing appropriations • GHGRF is perhaps not a "revolving" fund
EPA Nonpoint Source Program (CWA Section 319)	• Includes streamlining policies that could be replicated for the GHGRF • A September 2022 update includes EJ and equity considerations language	• Might require additional state participation to develop eligibility requirements • Best fit only for the States / Municipalities / Tribes structure
EPA WIFIA	• EPA's OIG has an existing loan award monitoring process that could be replicated for the GHGRF	• Size / scale bias that might be many times larger than a typical eligible recipient • Does it place extra burden on EPA for post-closing activities and monitoring? • Timeline from LOI to loan closure is prolonged vs. timing requirements in the GHGRF timeline mandates
HUD CBDG	• Formulaic. Apolitical. Easily replicable • Includes TA set-asides and targets low- and moderate-income persons	• Grantees must solicit local citizen input. While this ins never a bad thing, would it conflict with GHGRF timing mandates? • Eligible recipients do not directly include non-profits, NGOs, or businesses
ARRA	• Somewhat comparable example of a targeted federal stimulus • Included renewable energy allocations	• Mixed results; net impact reduced over time by sequestration • Monitoring and auditing were challenging
ARPA	• Good comparable for getting federal money allocated on a short timeline as well as setting "spend by" dates for eligible recipients to use the funds • Probably the best fit comparable because it provided funding to both state and local governments as well as those who would also be GHGRF eligible recipients	• "Need" was mainly defined by previous personal income tax filings (individuals) and not well defined for businesses • Too early to know if ongoing monitoring and reporting has been effective

**To be integrated with Workgroup 1 (Objectives) and Workgroup 2 (Program Structure)*

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GHGRF Charge – Execution, Reporting, and Accountability

Responsible Implementation and Oversight of Funds – $8B Bucket

- Transformative application of funds
  - Inclusive and non-traditional underwriting and structuring to reach deeper to benefit DC previously locked out of GHG reduction financing / investments
  - # of new green lending organizations established / supported
    - Long-term sustainability of green lending organizations receiving GHGRF support
  - Financing mechanisms or structures to attract private and other capital to leverage funds
  - Fiscally responsible fund deployment to ensure continued operability [of GHGRF funds]

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GHGRF Charge – Execution, Reporting, and Accountability

Responsible Implementation and Oversight of Funds – $8B Bucket

- Timely deployment of funds to direct recipients (non-depository non-profit organization(s))
  - Direct recipient investments into qualified GHG reduction projects benefitting disadvantaged communities (DC) at the national, regional, state, tribal, and/or local levels
  - Direct recipients to prioritize investments in qualified projects that would otherwise lack access to financing
  - Direct recipient deployment to indirect recipients
    - Indirect Recipients investments in qualified GHG reduction projects benefitting DC
  - Indirect investments in the form of funding and technical assistance to establish new or support existing public, quasi-public, not-for-project, or non-profit entities that provide financial assistance to qualified projects
- Compliance to ensure investments in DC benefit the DC and are not merely located in a DC (e.g., Utility Scale Solar Farm located in a DC)
- Community accountability
  - Diverse board composition*
  - Historical track-record and clean energy expertise to deploy funds to reduce GHG emissions in DC

**Where practicable as it may be difficult for government agencies to achieve as directors may be statutorily appointed*

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GHGRF Charge – Execution, Reporting, and Accountability

Charge Question III.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?

Mechanisms to ensure:
(1) Accountability to low-income and disadvantaged communities

Accountability Strategy	Considerations for EPA
Application Guardrails	• Track record / expertise of applicants in serving LMI and DAC communities • Depth of partnerships with community-based organizations
Federal Requirements	• How requirements may impact ability of LMI and DAC-serving projects to pencil
Governance	• Board representation from LMI and DAC communities on recipient and indirect recipient / subgrantee organizations
Reporting / Metrics	• Metrics to capture meaningful co-benefits to communities such as job creation, energy savings, wealth building • Metrics to track # and $ value of projects serving / benefiting (not just "in") LMI communities
Clawback / Redistribution	• How application structure / roles of intermediaries enhances or limits the ability to redistribute funding from underperforming to higher-performing sectors or organizations

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GHGRF Charge – Execution, Reporting, and Accountability

Responsible Implementation and Oversight of Funds – $12B Bucket

- Timely deployment of funds to direct recipients (non-depository non-profit organization(s))
  - Direct recipient investments into qualified GHG reduction projects at the national, regional, state, tribal, and/or local levels
  - Direct recipients to prioritize investments in qualified projects that would otherwise lack access to financing
  - Direct recipient deployment to indirect recipients
    - Indirect recipient investments in qualified GHG reduction projects
  - Indirect investments in the form of funding and technical assistance to establish new or support existing public, quasi-public, not-for-project, or non-profit entities that provide financial assistance to qualified projects
- Historical track record and clean energy expertise to deploy funds to reduce GHG emissions
- Transformative application of funds
  - Financing mechanisms or structures to attract private capital to leverage funds
  - # of new green lending organizations established / supported
    - Long-term sustainability of green lending organizations receiving GHGRF support
  - Fiscally responsible fund deployment to ensure continued operability [of GHGR funds]

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GHGRF Charge – Execution, Reporting, and Accountability

Charge Question III.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?

Mechanisms to ensure:
(3) The leveraging and recycling of the grants

Accountability Strategy	Considerations for EPA
Application Guardrails	• Financial capacity / track record of recipient organizations • Finance expertise of recipient / indirect recipients and subgrantees
Federal Requirements	
Governance	
Reporting / Metrics	• Define a consistent measure for leverage (e.g., GHGRF $ / total project costs funded) • Consider how leverage may also happen at multiple levels • Take the long view: Consider how capacity-building investments in a defined value chain may ultimately unlock larger volumes of investment than focusing on levering capital for shovel-ready projects
Clawback / Redistribution	

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GHGRF Charge – Execution, Reporting, and Accountability

Charge Question III.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?

Mechanisms to ensure:
(2) Greenhouse gas emission reductions

Accountability Strategy	Considerations for EPA
Application Guardrails	• Technical knowledge of applicant team @ GHG abatement tech • "Systems change" approach of applicant to achieve scaled impacts • Finance expertise of applicant team • Scale of customer relationships / line of sight to GHG projects of applicant team
Federal Requirements	• How requirements may impact contractor availability for smaller jobs than nonetheless could scale in the aggregate to significant abatement
Governance	
Reporting / Metrics	• Provide a consistent and understandable methodology to help recipients and subgrantees accurately estimate GHG impacts • Consider when to use "deemed" estimates vs. modeled, measured
Clawback / Redistribution	• How application structure / roles of intermediaries enhances or limits the ability to redistribute funding from underperforming to higher-performing sectors or organizations

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GHGRF Charge – Execution, Reporting, and Accountability

How to promote continued operability?

Accountability Strategy	Considerations for EPA
Application Guardrails	• Financial capacity / track record of recipient organizations • Finance expertise of recipient / indirect recipients and subgrantees • Treasury function expertise of applicant team
Federal Requirements	• Consider whether permanent (vs. temporary) restriction of funds may promote recycling but negatively impact ability for leverage, ability to make non-recycled but highly additional investments
Governance	• Fiduciary expertise of board members
Reporting / Metrics	• Financial sustainability metrics for applicants, recipients, indirect recipients (e.g., net income, self-sufficiency) • Take the long view – Consider how market-building activities that don't recycle funds may set the table for greater business opportunities and hence longer-term operability of recipients
Clawback / Redistribution	• Consider how intermediation structures may help to mitigate risk of funding riskier indirect recipients / subgrantees by phasing investment over time

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GHGRF Charge – Execution, Reporting, and Accountability

How to ensure additionality of projects?

Accountability Strategy	Considerations for EPA
Application Guardrails	• Types of projects that applicants propose to invest in (EPA could encourage / prioritize applications focusing on project types it thinks are most additional) • Finance expertise of applicant team (ability to ID project not needing subsidy)
Federal Requirements	• How requirements might help to avoid funding projects with negative environmental impacts • How requirements might create costs
Governance	
Reporting / Metrics	• Additionality is difficult to report / confirm directly; consider proxies (such as project types or community types that historically are challenged to access capital)
Clawback / Redistribution	

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GHGRF Charge – Program Structure

Evaluation of Structure Options

- Focus on six (6) major potential structural options:
  1) States / Municipalities / Tribes
  2) [Single Entity] National Green Bank / Fund
  3) Collective Action – Regional
  4) Collective Action – Sectoral
  5) Lender Intermediaries
  6) Combination of Structures
- Provide strengths and weaknesses of each option based on proposed design requirements

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Program Structure Workgroup

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GHGRF Charge – Program Structure

1) States / Municipalities / Tribes

Strengths / Rationale

- Equitable access to funds for qualified applicants
- Public and transparent process to capital distribution
- State-level expertise addresses unique needs of each state related to LMI, GHG reductions, leverage, etc.
- Many states have well established infrastructure to address GHG solutions (e.g., State Green Banks)
- Some tribal fund mechanisms exist that are better equipped to deal with tribal dynamics
- Some states have preexisting state-wide GHG reduction laws and funds that can be leveraged
- Preexisting state infrastructure does not have to be created and could be utilized in the first 180 days to ensure expeditious distribution of funds

Weaknesses / Challenges

- The competitive application process may disadvantage states / municipalities / tribes where political priorities don't align with statute
- Limits coordination across regions and sectors that could strengthen outcomes
- Some states much less existing infrastructure to receive and distribute funds to disadvantaged communities
- There may be differences in definitions between federal and state laws

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GHGRF Charge – Program Structure

1) States / Municipalities / Tribes

Strategy: Solicit competitive proposals from states, municipalities, and tribes and/or allocate funding based on an EPA-established distribution methodology to qualified applicants

- States / municipalities / tribes would then redeploy funds to other eligible recipients, indirect recipients, and for technical assistance, and perhaps directly to projects

Ask applicants to:

- Describe how they will allocate GHGRF funds across their state / municipality / tribe
- Underscore how funds will be directly invested in, address barriers to, and/or benefit disadvantaged communities
- Demonstrate success with deploying capital and innovation that drives additionality in GHG funding and reductions

EPA Methodology:

- EPA would manage award from Federal level, potentially with internal teams providing first-level review in relation to requirements and rankings, and expert panels providing second-level review
- EPA could use a hybrid award model (like WIFIA) that would create an allocation methodology, with funding contingent upon meeting qualifications and conditions under the competitive award process

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GHGRF Charge – Program Structure

2) National Green Bank / Fund

Strengths / Rationale

- Reduced administrative burden to EPA through centralized management
- Agreements with the funded entity could be structured to provide flexibility over time, allowing shifts in strategy
- Provides broadest level of ability for the intermediary to claw back funds and redistribute them, including across regions and sectors, to the best opportunities
- Probably the strongest structure to administer a "race to the top" strategy (inter-state competition based on regulatory reforms) over time
- Network of state-level Green Banks and other indirect recipients currently exist for downstream allocation

Weaknesses / Challenges

- Elevated management challenge and longer ramp-up time to operationalize
- Higher costs of intermediation / multiple layers of intermediation before funds flow to end users
- Concentration of funds in one entity elevates financial management and political risks
- Broad scope could create challenges in planning across the whole value chain for all sectors, engaging stakeholders broadly, responding to individual communities
- Requires new capacity/entity to address the broad remit and requirements, which could delay timely distribution of funds

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GHGRF Charge – Program Structure

2) National Green Bank / Fund

Strategy: Solicit competitive proposals from entities to create and manage a single National Green Bank / Fund

- The National Green Bank / Fund would then redeploy funds to other eligible recipients, indirect recipients, and for technical assistance, and perhaps directly to projects as well

Ask applicants to:

- Describe how they will allocate GHGRF funds across the country along a value chain
- Address how funds would address GHG reduction objectives at scale
- Underscore how funds will be directly invested in, address barriers to, and/or benefit disadvantaged communities
- Demonstrate success with deploying capital and innovation that drives additionality in GHG funding and reductions
- Describe how they will retain, manage, recycle, and monetize repayments to ensure continued operability

EPA Methodology:

- EPA would manage award from Federal level, potentially with internal teams providing first-level review in relation to requirements and rankings, and expert panels providing second-level review
- EPA may impose sub-awardee criteria consistent with applicable guidelines

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GHGRF Charge – Program Structure

3) Collective Action – Regional

Strategy: EPA could set forth a pot of funding for regional approaches by either designating a set of regions (could be EPA regions or other) or by seeking regional partnerships as determined by the applicants

- Ask to see applications from partners within the regions (e.g., lead eligible recipient together with indirect recipients, technical assistance providers, other key players)
- Amounts to a series of "regional coordinators " to support GHGRF deployment

Ask applicants to:

- Identify regional opportunities, barriers, and priorities for GHG reduction
- Describe how the regional partnership would work together to implement a comprehensive strategy responding to regional needs and interests, including on-the-ground delivery of projects and O&M
- Describe how the initiative would be quarterbacked
- Address how funds would address GHG reduction objectives within its regional footprint
- Underscore how funds will be directly invested in, address barriers to, and/or benefit disadvantaged communities
- Demonstrate success with deploying capital and innovation that drives additionality in GHG funding and reductions
- Describe how they will retain, manage, recycle, and monetize repayments to ensure continued operability

EPA Methodology:

- EPA could fund at least one application per region

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GHGRF Charge – Program Structure

3) Collective Action – Regional

Strengths / Rationale

- Encourage applicants to think about all the partnerships needed to leverage resources, build a robust project pipeline, and ensure that strong implementation capacity is in place
- Narrowed geographic focus allows for deeper thinking and a more tailored approach to regional needs
- Still allows EPA to manage a more limited number of regions
- Potential identification of community-level collaborations within regions
- If aligned with EPA regions, potentially some ease of administration for EPA using regional offices
- Regional intermediary could exercise clawback at regional level to re-allocate among regional entities

Weaknesses / Challenges

- Requires potential new capacity or entity to address the "collective action" requirements
- Some structures might be better supported at a national scale (e.g., secondary market infrastructure, operating platforms for lenders)
- Management of strategies across different sectors within a region would still be complex and lack consistency and standardization
- Some EPA Regions are not ideally drawn for easy regional collaboration (e.g., Region 2 – NY, NJ + PR / USVI)

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GHGRF Charge – Program Structure

4) Collective Action – Sectoral

Strengths / Rationale

- Promotes innovative thinking and collaboration across the whole value chain – demand generation, pipeline creation, implementation, O&M
- EPA could make determinations about certain sectors where it wants to make larger investments / perceives greater opportunities
- Greater possibility to build platforms that facilitate investment in a specific sector (e.g., Smart-E for single family housing energy retrofits)
- Several entities are well positioned to run a sector-based approach

Weaknesses / Challenges

- National sectoral strategies would still need to account for differences from region to region (e.g., different regulatory regimes, electricity pricing and markets, climate factors in building design)
- Not that many truly national players with a focus on one specific sector, although there are some
- Going to a sectors-by-regions approach increases the # of funded applications and EPA management challenges
- Focus on sectors may limit types of solutions.

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GHGRF Charge – Program Structure

4) Collective Action – Sectoral

Strategy: EPA would ask applicants to propose a strategy to address a particular sector (e.g., multifamily housing, single-family home retrofits, EVs, or community solar)

- Examine barriers and opportunities related to the value chain of activities to generate GHG reductions including funding and financing, consumer demand generation, training / technical assistance / capacity-building needs, workforce development and supply chain issues; *Variant: EPA could invite sectoral collective applications within specific regions (such that the total # of applications funded = # of funded sectors x # of funded regions)*

Ask applicants to:

- Pull together partnerships with all the stakeholders needed to address the value chain (“build the ecosystem”)
- Define sector(s), focus on financing needs and non-financing barriers
- Address how funds would address GHG reduction objectives within its sector and timelines
- Underscore how funds will be directly invested in, address barriers to, and/or benefit disadvantaged communities
- Demonstrate success with deploying capital and innovation that drives additionality in GHG funding and reductions
- Describe how they will retain, manage, recycle, and monetize repayments to ensure continued operability

EPA Methodology:

- EPA could define sectors and fund at least one application per sector and define the sectors
- Independent sector experts could serve on selection committees

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GHGRF Charge – Program Structure

5) Lender Intermediaries

Strategy: Channel money to green lending programs through existing and established intermediaries

Ask applicants to:

- Describe the network of lending organizations they are supporting and the strategies these organizations are using to finance GHG reduction
- Demonstrate the strength and nature of that intermediary's relationship with the organizations in the network
- Detail sectors and geographies served
- Show track record in low-income communities and in green lending
- Provide network-wide leverage, financing deployment, and GHG reduction goals and supports that would be provided (e.g., TA, training, capacity building) to both lenders and other key players in the value chain
- Demonstrate success with deploying capital and innovation that drives additionality in GHG funding and reductions
- Describe how they will retain, manage, recycle, and monetize repayments to ensure continued operability

EPA Methodology:

- EPA could issue awards to select intermediaries targeting a specific financial sector
- Eligibility for secondary recipients tied to sector specialization

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GHGRF Charge – Program Structure

5) Lender Intermediaries

Strengths / Rationale

- Easily the fastest time to market of any of the options discussed here – the intermediaries and their network relationships already exist
- Relatively low administrative burden to EPA – fund 4 or 5 intermediaries
- Provides ability for the intermediary to claw back unused funds and redistribute them, within-network, to the best performers
- Diversifies risks compared to funding a single applicant
- Individual lenders could have flexibility to make plans tailored to the specific sectors and communities they serve and stakeholders they partner with

Weaknesses / Challenges

- Has the potential for fragmentation in terms of inability to encourage lenders of different stripes to work together
- Challenge to ensure that lenders invest adequately in other value chain supports (e.g., TA or capacity building for communities, clean energy project developers)
- The broad scope of activities in any given lender network could create challenges in planning and coordination at the network intermediary level
- Current intermediaries have not operated at the scale required for the GHGRF; therefore, there's some management and execution risk with ramping up capacity and capabilities

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GHGRF Charge – Program Structure

6) Combination of Structures

Strengths / Rationale

- Reduces risk by distributing funds across a broader universe of participants (portfolio effect)
- Promotes innovative thinking and collaboration across the whole value chain – demand generation, pipeline creation, implementation, O&M
- Allows EPA determinations about certain sectors and regions with opportunities for larger or more critical capacity investments
- Creates balance of scale while ensuring underserved communities are represented in the process
- Greater possibility to build platforms that facilitate investment in a specific region or sector without sacrificing national-level capacity
- Several entities are well positioned to compete in one or more priority structure pools

Weaknesses / Challenges

- Increases total number of funded applications and EPA management challenges
- Trade-off between EPA challenge in program oversight and fund allocation versus risks to concentration of funds in a single entity

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GHGRF Charge – Program Structure

6) Combination of Structures

Strategy: EPA could allocate portions of the GHG Fund for national, state, regional, sectoral, and direct solutions. A larger portion could be dedicated to a national strategy and then smaller distributions could be made in each other category. Competition would occur within each category

- Strategy would examine barriers and opportunities along the GHG value chain including financing, consumer demand generation, training / technical assistance / capacity-building, workforce development, supply chain issues

Ask applicants to:

- Pull together partnerships with all the stakeholders needed to address the value chain in each specific strategy Define focus in state, region, sector
- Focus on financing needs and non-financing barriers
- Address how funds would address GHG reduction objectives within its regional footprint
- Underscore how funds will be directly invested in, address barriers to, and/or benefit disadvantaged communities
- Demonstrate success with deploying capital and innovation that drives additionality in GHG funding and reductions
- Describe how they will retain, manage, recycle, and monetize repayments to ensure continued operability

EPA Methodology:

- EPA could fund a cohort of applicants with each major strategy represented
- Independent experts could serve on selection committees for each type of program

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GHGRF Charge – Program Structure

Potential Design Requirements: EPA Matrix

Charge Question II.c.i: Are there any potential program design requirements that would impact the ability of recipients to use the GHGRF program funds?

Potential Program Design Requirements*	Strengths / Rationale	Weaknesses / Challenges
Federal funding requirements	• Reasons these work	• Reasons these are burdens
Financial capacity to manage funds		
Governance		
Metrics/reporting systems		
Due diligence expertise		
Capacity to provide grants / debt / equity / credit enhancements		
Collective action systemic change		
Sector expertise		
Technology expertise		
Community access / LMI reach		
GHG reduction capacity		
Leverage private capital		

**To be integrated with Workgroups 1 (Objectives) and 3 (Execution, Reporting, and Accountability)*

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GHGRF Charge – Program Structure

Next Steps

- Continuing to coordinate with other EFAB GHGRF charge workgroups on design requirements
- Next EFAB public meeting – December 15, 2022

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GHGRF Charge – Objectives

Workgroup Overview

Provide considerations around the GHGRF's primary purpose:

- To fund and/or finance projects intended to reduce GHG emissions that are not being resourced today, particularly those in low-income and historically disadvantaged communities, because:
  - There is a lack of requisite capital at reasonable costs;
  - Priority areas for reducing GHGs (e.g., buildings, industry, agriculture, transportation) may not readily lend themselves to existing funding structures in priority communities;
  - There is a lack of technical and human capacity to prepare grant applications; and
  - There is a lack of start-up "capital" (e.g., technical assistance and planning grants)

Focused on two areas:

- Program Efficiency
  - Design Elements
  - Complementary Programs and Structures
- Environmental Justice / Definition of "Low-Income and Disadvantaged Communities"
  - Definition and Support Considerations
  - Technical and Financial Assistance, including application support assistance

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Objectives Workgroup

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GHGRF Charge – Objectives

Overarching Concepts

There may be competing mandates and objectives in the short-term

- Leveraging financing and ensuring GHGRF funds flow to disadvantaged communities **will not always lead to prioritizing the same types of projects or community support**
- **In the longer-term**, investing in community capacity, technical assistance, and the ability to develop a wider array of projects and sizes will increase GHG reduction ability on a national level
- **EPA has flexibility to design the GHGRF to empower states, municipalities, tribes, and eligible entities to select solutions that accomplish one or multiple objectives well, while ensuring performance of both in the aggregate**
- For example, EPA could enable project selection that:
  - Prioritizes GHG reduction projects that provide direct benefits to disadvantaged communities, but that will not necessarily leverage private capital in the short-term (e.g., capacity building, workforce development, reduction of localized pollution)
  - Enhances funding additionality and recycling that may not provide immediate benefits to disadvantaged communities, but are likely to provide funding sustainability for GHG reduction programs for the longer-term (beyond 2024)
  - Establish performance metrics demonstrating that selected projects in the aggregate to accomplish overarching objectives

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GHGRF Charge – Objectives

Overarching Concepts

Balance equity and access with leverage goals

- Seek higher levels of financing leverage for projects in communities with greater capacity and access to resources
- Lower leverage requirements for projects requiring some subsidization, associated with less resourced communities
- No leverage requirements for grant funded projects primarily intended to provide various benefits/technical assistance to disadvantaged communities

Balance need for "shovel-ready" projects with capacity building goals

- Goal is rapid deployment
- Conventional meaning of "shovel-ready" projects (e.g., designed, engineered, permitted) is only one path to achieving this goal and could exclude projects that could/should be supported by one or more of the GHGRF streams

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GHGRF Charge – Objectives

Designing for Flexibility to Meet Varying Mandates

- Near-term trade-offs between program **efficiency** and program **objectives** are**:**
  - Timeline vs. measurable GHG reductions
  - Leveraging and recycling vs. capacity building
  - Community reach vs. timeline / administrative burden
  - Benefits reaching low-income / disadvantaged communities vs. long-term financial sustainability requirements (grants vs. loans)
  - Prioritizing GHG reduction performance in the 1st year of the program could disadvantage efforts to build low-income community capacity to conduct GHG reduction initiatives
- In response, the GHGRF funding streams could be subject to varying weights and objectives in order to achieve multiple goals. For example:
  - $7B to States / Municipalities / Tribes heavily weighted towards capacity building, low-income community impacts and programs
  - $8B
  - $12B
- Additionally, emphasis should vary based on the nature of both direct and indirect recipients

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GHGRF Charge – Objectives

Design Elements by Direct Recipient Type

Aligned Recipient	Leverage	Additionality	Capital Recycling	Capacity Building	Long-Term Operability
States / Municipalities / Tribes	Low weight	High weight	Medium weight	High weight	Low weight
National Green Bank / Fund	High weight	Medium weight	Medium weight	Low weight	High weight
Collective Action – Regional	Medium weight	High weight	Medium weight	High weight	Low weight
Collective Action – Sectoral	High weight	Medium weight	Medium weight	Medium weight	Medium weight
Lender Intermediaries	High weight	Medium weight	High weight	Low weight	High weight

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GHGRF Charge – Objectives

Program Efficiency – Design Elements

Design Element	Strengths / Weaknesses	Strong / Weak Fits	Aligned Recipients
Leverage: The ability of a recipient or project to evidence additional private sector funding sources	**Strengths** • Crowds in additional dollars from other sources • Enables larger projects • Stretches taxpayer resources further • Can provide risk mitigation for private capital **Weaknesses** • Burdensome from a structuring and transaction cost standpoint • May increase cost of capital • Less workable in smaller projects	**Strong Fits** • Large asset-backed projects • Subordinate tranches in structured funds • Nonprofit and commercial projects • Residential solar leases **Weak Fits** • Smaller community-based organizations • Smaller municipalities • Matching technical assistance dollars • Non-commercial project costs (e.g., pre-development)	**Higher Leverage** • States / Municipalities / Tribes • National Green Bank / Fund • Lender Intermediaries **Lower Leverage** • Collective Action – Regional • Collective Action – Sectoral
Additionality: Demonstrating the essential contribution of the GHGRF to getting the project done; "but for this funding..."	**Strengths** • Enables attribution to leaders, organizations on successful projects • May enable projects in disinvested / overlooked communities **Weaknesses** • Challenging to measure and easy to critique • May complicate decision-making around eligible projects • Doesn't always collaborate well with other funding sources	**Strong Fits** • Where capital has historically not been invested • Where funding is clearly taking "de-risking" role for private capital • Planning and pre-development funding **Weak Fits** • Industrial / large-scale projects • Loss-sharing guarantees • Pari passu funding structures • Senior debt	**More Additionality** • States / Municipalities / Tribes • National Green Bank / Fund • Collective Action – Regional • Combination of Structures **Less Additionality** • Collective Action – Sectoral

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GHGRF Charge – Objectives

Program Efficiency – Design Elements

Charge Question I.b.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?***

Providing guidance in terms of:

- Strengths and weaknesses of each of the above elements by recipient / project type
- Strong fits and weak fits of each element by recipient / project types
- Examples / case studies of each element by recipient / project types

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GHGRF Charge – Objectives

Program Efficiency – Design Elements

Design Element	Strengths / Weaknesses	Strong / Weak Fits	Aligned Recipients
Capital Recycling: The ability of recipients to recycle / re-deploy the funding provided over time	**Strengths** • Bolsters financial sustainability of recipients for the long-term • Ensures long-term impacts after program funding window is closed • Builds intermediary capacity • Enables strong leverage opportunities **Weaknesses** • Desire to recoup capital reduces risk tolerance of funds • Incentives for recipients may be at odds with purpose (e.g., funds may be used for reserves or liquidity vs. deployment) • Ability to recycle capital within reporting period may be limited by long-term project finance cycles, which are common in energy (20 years)	**Strong Fits** • Financial intermediaries who are lenders **Weak Fits** • Equity investments (because of both illiquidity and risk) • Start-up capital • Technical assistance • Projects without material cash payout over 10+ years	**Higher Recycling Ability** • National Green Bank / Fund • Collective Action – Regional • Collective Action – Sectoral • Lender Intermediaries **Lower Recycling Ability** • States / Municipalities / Tribes
Short-Term Capacity Building: Use of funds is predominantly to hire expertise / staff to improve communities' ability to plan and execute GHG reduction projects	**Strengths** • Evident and persistent demand for capacity building support, especially in low-income / disadvantaged communities • High demand for in-community, long-term human capacity • Can increase uptake / demand for financial assistance / pipeline projects **Weaknesses** • Once money is allocated, limited future funding sources • Short funding period incentivizes use of consultants vs. full-time hires • No leveraging / recycling ability • Overlooked communities may be unaware of funding opportunities and lack grant application bandwidth	**Strong Fits** • In communities with coordinated access to long-term technical assistance funding • When paired with green workforce development to increase local skilled workforce • For short-term trainings around grant applications, reporting, and compliance • Planning uses for GHG projects **Weak Fits** • Not as well suited to project-specific funding	**Stronger Capacity Building** • States / Municipalities / Tribes • Collective Action – Regional • Combination of Structures **Weaker Capacity Building** • National Green Bank / Fund • Collective Action – Sectoral • Lender intermediaries

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GHGRF Charge – Objectives

Program Efficiency – Design Elements

Design Element	Strengths / Weaknesses	Strong / Weak Fits	Aligned Recipients
Long-Term Sustainability Reporting:	**Strengths** • Reassures EPA of recipient's abilities to manage, invest, and report upon funds in compliant and efficient ways Recipients with stronger long-term financial sustainability have: • Proven track record of completing GHGR projects • Proven ability to reach low-income and disadvantaged communities • Greater likelihood of project completion • Greater ability to recycle and leverage capital **Weaknesses** • Burdensome for small entities • Challenging to apply to many governmental entities • Challenging to track across indirect recipients in a standardized manner • Difficult to apply to newly created or yet to be created entities	**Strong Fits** **Weak Fits** • Intermediaries with limited track record or historical financials • Community-based organizations reliant upon grant funding • Municipalities and agencies with lower credit ratings	**Stronger Sustainability Reporting** • States • Collective Action – Regional • Lender Intermediaries **Weaker Sustainability Reporting** • Municipalities / Tribes • National Green Bank / Fund • Combination of Structures

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GHGRF Charge – Objectives

Additional Considerations / Parking Lot

Considerations related to efficiency elements in program design, including:

- Goals around deployment timing / thresholds
  - Workgroup 2
- Clawback / recapture capability – Both at EPA and direct recipient level
  - Workgroup 3

Additional considerations related to overall objectives:

- Risk of compromising other supports at the low-income / disadvantaged household level (e.g., benefits cliffs with consumer rebate or cash assistance programs)
- Accountability to communities – Community voice / feedback loops at EPA, direct, indirect recipients?
  - Workgroup 2

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GHGRF Charge – Objectives

Program Efficiency – Complementary Programs and Structures

Charge Question I.b.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?***

Considerations include:

- Where can EPA "piggyback" on existing capacity and pull examples from existing / established federal programs and initiatives (e.g., Justice40)?
  - Highlight existing programs that tie into GHG objectives and reductions and deliver synergistic solutions (e.g., National Community Solar Partnership, DOE Energy Efficiency Revolving Loan Fund)
- Critical to use federal collaboration to coordinate financial assistance

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GHGRF Charge – Objectives

Program Efficiency – Complementary Programs and Structures

Guiding principles / "good fits":

- Share emphasis on low-income / disadvantaged communities (definitions may vary)
- Seek defined co-benefits in communities
- Share GHG reduction objectives and have ability to measure GHG impacts
- Reach communities across the U.S. and/or state-level at a minimum with emphasis on low-income / disadvantaged communities
- Established relationships with direct recipients, especially states / municipalities / tribes

Nice to haves:

- Workforce development components in the "green economy“
- Focus on orphan projects / additionality

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GHGRF Charge – Objectives

Environmental Justice / Definition of “Low-Income and Disadvantaged Communities” – Definition and Support Considerations

Guiding principles for EPA to consider in defining low-income / disadvantaged communities:

- Provide clarity to all recipients (direct and indirect) and participants;
- Acknowledge that no one definition will meet the needs of every region, state, and/or community;
- Acknowledge the importance of defining disadvantaged communities more broadly than by median income or other existing federal and/or state metrics to ensure inclusive and equitable access to GHG and localized pollution reduction benefits;
- Accept existing Federal program definitions and eligibility criteria;
- Accept state definitions (by statute), as applicable;
- Encourage the use of EJSCREEN and other Federal mapping tools; and
- Acknowledge that existing Federal criteria used today may not be sufficient to capture sub-populations in large cities as well as unique challenges in rural communities

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GHGRF Charge – Objectives

Project-Level Fund Eligibility: Defining "Low-Income / Disadvantaged Communities"

No one definition will meet the needs of every region, state, and community

Guiding Principle	Strengths / Weaknesses
Acknowledge the importance of defining disadvantaged communities more broadly	**Strengths** • Ability to optimize project benefits and expand range of solutions • Enables a more inclusive and equitable access to GHG reduction funds and benefits **Weaknesses** • May create tracking challenges • Guardrails needed to ensure the definition does not become all-encompassing
Accept existing Federal program definitions and eligibility criteria (e.g., HUD's Area Median Income, DHS's Tanf eligibility criteria, SBA's size standards)	**Strengths** • Easy for EPA to deploy quickly • Supports standardized reporting nationwide • Allows for eligibility on the household / entity level **Weaknesses** • May not be optimized for pollution reductions • May make it harder to include pockets of low-income and disadvantaged communities that have been historically excluded from Federal support
Accept state definitions (by statute), as applicable	**Strengths** • Aligns with existing state priorities and funding programs • Prioritized projects on Intended Use Plans could be screened for GHG reduction potential **Weaknesses** • May not be optimized for pollution reductions • May make it harder to include pockets of low-income and disadvantaged communities that have been historically excluded from state support

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GHGRF Charge – Objectives

Project-Level Fund Eligibility: Defining "Low-Income / Disadvantaged Communities"

No one definition will meet the needs of every region, state, and community

Guiding Principle	Strengths / Weaknesses
Encourage the use of EJSCREEN and other Federal mapping tools	**Strengths** • Standardized eligibility nationwide • Easy to access • Easy for EPA to deploy **Weaknesses** • Excludes a significant number of communities • May miss sub-areas and sub-populations within large boundaries • May not be optimized for pollution reductions
Acknowledge that existing Federal criteria used today may not be sufficient to capture sub-populations in large cities as well as unique challenges in rural communities	**Strengths** • Ability to optimize for GHG reduction and community co-benefits • Inclusive of sub-populations within larger cities and rural locales lacking critical infrastructure • Inclusive of other important criteria (e.g., health burdens caused by pollution levels; cost of energy; cost of housing/living; climate fragility, etc.) **Weaknesses** • Depending on whether the criteria is flexible or formulaic, could be overly complex without ensuring equitable inclusivity • May create tracking challenges

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GHGRF Charge – Objectives

Environmental Justice / Definition of "Low-Income and Disadvantaged Communities" – Technical and Financial Assistance*

Charge Question I.a.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.

Type of TA will vary across phases of implementation and based on:

- Project Applicants
- Project Types
- Local Benefit Pathways
  - Workforce benefits
  - Economic development benefits
  - Public health benefits
- Issues faced by community

Third parties to coordinate across communities and departments and create capacity to develop, apply, fund, and implement projects. These could be national or regional organizations or include very localized community groups. Examples include but are not limited to:

- NGO Navigators to provide funding TA for application support
- NGOs to provide project development, design, and implementation support
- AmeriCorps
- State extension programs
- Silver Jackets (USACE)
- Engineers Without Borders
- Senior design projects at accredited university engineering programs

**To be integrated with GHGRF Charge Workgroup 2 (Program Structure) and 3 (Execution, Reporting, and Accountability)*

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GHGRF Charge – Objectives

Environmental Justice / Definition of "Low-Income and Disadvantaged Communities" – Technical and Financial Assistance

Technical assistance will vary depending on several factors, including:

- Who needs assistance (e.g., project developers, communities, local government entities, households)?
- Project type (e.g., buildings, industry, power sector, transportation)
- What are the benefits being achieved?
  - Funding benefits: TA for application assistance and other "navigator" support
  - Local workforce development: TA for project development, design, implementation planning workforce training, small business development
  - Public health: TA for mapping to identify high leverage pollution reduction opportunities / needs; project design and development, large-scale and more localized projects; performance metrics to demonstrate connections

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GHGRF Charge – Objectives

Third-Party Service Providers for Various Project Sponsors

TA Partner Examples	Project Developers	State Government and Regional Entities	Local Government Entities	Communities / NGOs	Households
Consultants	X	X			
State extension programs		X	X		
AmeriCorps		X	X	X	
Engineers Without Borders				X	X
Senior design projects at accredited university engineering programs				X	

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GHGRF Charge – Objectives

Third-Party Service Providers and Project Expertise – and Cost to Project Sponsor

TA Partner Examples	Project Developers	State Government and Regional Entities	Local Government Entities	Communities / NGOs	Households
Consultants	All infrastructure – High cost	All infrastructure – High cost	All infrastructure – High cost		
State extension programs			Local roads and sewers – Moderate cost		
AmeriCorps		Not needing stamped plans – Moderate cost	Not needing stamped plans – Moderate cost	Not needing stamped plans – Moderate cost	
Engineers Without Borders				Small infrastructure – Low cost	Small infrastructure – Low cost
Senior design projects at accredited university engineering programs				Small infrastructure – Very low cost	

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GHGRF Charge – Objectives

Financial Assistance – Tools to increase the accessibility of capital to low-income and disadvantaged communities

Establish tools to facilitate flow of funds through CDFIs, credit unions, and other established vehicles for low-income communities

- For example – Per public comment, Maryland's community solar pilot program required 30% of its solar capacity to be reserved for projects serving LMI households
  - To further drive adoption of community solar, the state incentivized developers and investors by guaranteeing to recover any losses from non-payment of bills
  - In exchange, developers had to agree to a 20% discount on low-income subscribers' electricity bills with no credit limits / requirements

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GHGRF Charge – Objectives

Financial Assistance – Tools to increase the accessibility of capital to low-income and disadvantaged communities

Per public comment, establish alternative underwriting criteria

- Conventional criteria (e.g., credit score, income, debt-to-income ratio) can perpetuate racial disparities
- Alternative underwriting criteria can provide investor assurances in other ways (e.g., whether homeowner has consistently paid their utility bills)
- Florida's Solar and Energy Loan Fund does not use conventional underwriting criteria to serve LMI clients, and still achieves a default rate of less than 2%

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GHGRF Charge – Objectives

Indicators of Success

- Design element reporting
  - Time-bound? (Deployment)
  - Leverage
  - Additionality
  - Recycling
  - Sustainability Reporting
- Low-income and disadvantaged community reach reporting
- Capacity Building and TA progress reporting
- GHG reduction reporting
- Community benefits reporting

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