

Clean Communities Investment Accelerator Rollout Public Briefing-20240411_125753-Meeting Recording

April 11, 2024, 4:57PM

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 **Toon, Theodore** 1:31

OK.

Should we get going?

Good afternoon and welcome everyone to the Clean Communities Investment Accelerator Webinar.

My name is Ted Toon.

Talking about the rollout of the Clean Communities Investment Accelerator, a couple of housekeeping items.

If you check the chat function, there's some information there both about this meeting being recorded, the recording and the slides that we use today will be posted on our website.

The EPA website, also in the chat our instructions if you want to enable the closed captioning during the course of this call.

We also will use the chat function to collect questions.

We will get to as many questions as we possibly can at the end of our 30 minutes, but beyond those, there are frequently asked questions posted also on our website.

Those questions we do not get to today, we will consider and try to answer them via our frequently asked questions.

Thank you very much for joining us.

I'd like you to introduce to welcome us, David Widowski.

David is the director of the Greenhouse Gas Reduction Fund.

David, I'll turn it over to you.

 **Widawsky, David** 5:17

Thank you, Ted, and thank you everybody who's participating on this webinar about one of our amazing grant programs under the Greenhouse Gas Reduction Fund, the Greenhouse Gas Reduction Fund is many of you know was authorized and appropriated in 2022 under the Inflation Reduction Act and represents a historic investment by the federal government in financing the Clean energy transformation for the 21st century, focusing particularly on communities have been left behind in

access to funding, particularly funding around clean energy investments that can make such a difference in their lives.

I'm going to turn it over and just a moment to our competition lead Azure Mayerson, who's been an incredibly important architect and implementer of the grant program up to this point.

I just want again echo what Ted mentioned.

We've got a chat function.

They're gonna could be a lot of questions that come in.

We'll get to as many of those as possible during the half hour that we have, and then if there are other opportunities or questions, our first to engage with you, please let us know.

We want to do outreach.

We want to connect with folks who are interested in helping this program succeed for the hundreds and hundreds of communities around the country who are gonna benefit from the Clean Communities Investment Accelerator and the Greenhouse Gas Fund in general.

So with that, I'm going to turn it off to over to Azure Marson to take it from here.

Thank you, Ashley.



Mayerson, Asher 6:43

Thanks, David.

The Clean Communities Investment Cellular is a historic program and we are at a momentous, momentous couple weeks where we've announced selections.

But our story actually goes back to the Inflation Reduction Act and its passage in August 2022.

So in August 2022, the Inflation Reduction Act was passed by Congress, signed into law by the President, and that's when the EPA began implementing this \$27 billion program.

The greenhouse Gas Reduction Fund, in line with the satory intent to create a national clean financing network.

To do that, in July of last year, we launched 3 distinct but complementary grant competitions.

As part of this \$27 billion greenhouse gas reduction fund, first, the national Clean Investment Fund, second the Clean Communities Investment Accelerator, which we're going to focus on today.

And third solar for all application deadline closed in October and we ran an incredibly rigorous review and selection process for this competition just like the others.

And last week, as folks know, you pay announced selections for the NCF NCA, which together represent \$20 billion.

That'll be awarded to 8 selected applicants who will create a national clean financing network that will finance climate and clean energy projects, especially in low income and disadvantaged communities.

So we wanted to do today we'll share some details on the selected applicants and the transformative programs that they will run as part of creating this national Clean Financing Network.

We want to discuss the impact that the selected applicants will drive against the three of our arching program objectives for the greenhouse Gas Reduction Fund. And then lastly, we will preview next steps as we look ahead to capital flowing into communities that need it most across the country later this year and then open it up to questions.

As a reminder, the NCI haven't CI will create this national lead financing network to finance climate and clean energy projects, especially in low income and disadvantaged communities.

These two programs work in tandem.

The \$14 billion national Clean Investment Fund is funding 3 national nonprofit financial institutions that will partner with the private sector to provide accessible, affordable financing for 10s of thousands of clean technology projects nationwide. The Clean Communities Investment Accelerator is making five awards with \$6 billion to create hub nonprofits that will provide funding and technical assistance to community lenders.

That already work in low income and disadvantaged communities, which will deploy projects that communities most need while building the long term clean financing capacity of community lenders that are best positioned to serve those communities. And we continue to track to the timeline that we've set for this program where we worked efficiently, effectively and responsibly to design the greenhouse Gas Reduction Fund to launch the open application period to close that period and do our internal review process involving so many partners from across the federal government and then ultimately to get to the last week when we made selections and then to where we are today where we are in the process of finalizing the awards

under these programs.

So what did we announce?

Last week, we announced 8 selections across the NCIF and CIA that together, we'll create this national Clean Financing network on the national Clean Investment Fund. We announced nearly a \$7 billion selection for Climate United Fund, a \$5 billion selection for the Coalition for Green Capital and a \$2 billion selection for powerful communities, constituting 3 selections with the \$14 billion of funding for the National Queen Investment Fund.

And where we'll focus today to complement those three selected applicants, we have five select these under the Clean Communities Investment Accelerator to create hubs that will provide funding and technical assistance to specific networks of community lenders with opportunity finance network inclusive.

Hey, the CVI find that work.

Justice Climate Fund and Appalachian Community Capital, and together, these eight awards will create a national clean financing network to finance climate and clean energy projects, especially in low income disadvantaged communities.

While each may work with a different project category, a different market segment, a different geography, a different maybe type of community lender, they will together build the national Clean Financing network that we have always sought to build through this program.

So let's dive deeper.

As we're focusing today on the Clean Communities Investment Accelerator, let's dive deeper into the five selected applicants under the CIA and the work that they will do in communities across the country.

First, we have opportunity finance network receiving about a \$2.3 billion award.

Owen is a 40 year old nonprofit CDF.

I intermediary, that's a U.S.

Treasury certified community development, financial institution intermediary organization and they already provide capital and capacity building for a national network of 400 plus community lenders.

The vast majority of those community lenders are U.S.

Treasury certified CFI loan funds, the Community lenders, and their network collectively hold \$42 billion in assets.

They serve all 50 states.

They serve the C Several US territories.

Ohsan has an incredibly strong track record in doing this work, and you'll notice that consistent theme of track record reaching into and providing capital to lenders that that's our best position to serve low income and disadvantaged communities.

You will see that consistent theme throughout all five of these selected applicants.

2nd we have inclusive receiving about a \$1.9 billion award, similar to Earth and inclusive is a 50 year old nonprofit CDF I.

Intermediary they provide capital and capacity building for a not a different national network, a national network of 900 or more mission driven regulated credit unions.

This includes credit unions that are CFI, which we call Community development, credit unions.

This includes financial cooperativas in Puerto Rico.

In this network of regulated credit unions collectively manages \$330 billion in assets and serves 23 million individuals all across the country.

3rd we have Justice Climate Fund seeing a \$940 million award.

JCF is a purpose built nonprofit, but their supported by an existing ecosystem of coalition members from Community development finance, world environmental justice and more, as put by national network of more than 1200 community lenders.

And they're supported by impact assets and experienced nonprofit with \$3 billion under management.

JCF will provide responsible clean energy, focused capital and capacity building to community leaders all across the country.

4th with Appalachian Community Capital receiving a \$500 million award.

ACC is a nonprofit U.S.

Treasury certified community development financial institution.

They were founded about a decade ago to work in Appalachian communities and specifically to work with community lenders to expand capital access to those communities that are most in need.

And under this program, they are launching the Green Bank for Rural America to deliver clean capital and capacity building assistance to hundreds of community lenders, including Cfis and native CFIS.

Existing federal grantees and others that work in coal and energy and underserved, rural and tribal communities all across the country.

Incest, we have native Cdfi network receiving a \$400 million award.

Native Cdfi Network is a nonprofit that serves as national voice and advocate for the 60 or more U.S.

Treasuries certified native CDF eyes.

Native Cdfs are community development financial institutions that not only predominantly serve, but are also predominantly accountable to native communities. These native CDFs have a presence in 27 states across rural reservation communities as well as every community, and their mission is to address capital access challenges in native communities and under this award they will specifically address capital access challenges for climate and clean energy projects that communities need most.

So what will all of this mean?

But will this national network, the five selected applicants under the CIA, together with the three selected applicants under the CIF, what will this national network do together?

They will make a significant impact against the greenhouse gas reduction funds program objectives as some folks on the call may know.

Last year, we as an agency came out with three core guiding program objectives and we would also make clear that these program objectives for coequal we would need to achieve all of them through this program.

These program objectives are derived from the statute.

The first program objective reducing emissions of greenhouse gases and other air pollutants.

The second program objective delivering benefits to communities, especially low income and disadvantaged communities, and the third program objective mobilize financing and private capital to stimulate additional deployment of these important projects.

So based off of what we have seen in the submitted applications, which you can take a look at publicly, as we disclosed, we think there's gonna be an incredible amount of impact against each of these three program objectives.

We think that the projects that will be funded under this program will reduce our avoid up to 40 million metric tons of CO2 equivalent per year.

It's equivalent to the emissions of nearly 9,000,000 typical passenger vehicles.

Selected applicants have committed to dedicate over \$14 billion to low income and disadvantaged communities, far surpassing the program's requirements.

These communities not only will benefit the most from these projects through things like high quality jobs, cost savings on their energy bills, the health benefits that come from cleaner air, and so much more.

But these are also communities that lack access to capital.

For these projects where these projects might not have otherwise been financed and lastly likes to applicants together have committed to achieving a private capital mobilization ratio of nearly seven times.

And what that means for our federal taxpayer dollars is that they will be able to turn \$20 billion of public funding into \$150 billion of public and private investment over the next seven years.

So where do we go from here?

As you mentioned last week was our public announcement of these selections, Vice President Harris and EPA Administrator Reagan announced the selections in Charlotte, NC, and very importantly, while they were in Charlotte, they met with the homeowner and his two kids who have benefited from the types of projects this program will support all across the country.

That homeowner was paying \$600.00 energy bills prior to moving into more affordable and sustainable housing.

And now saves hundreds on energy bills.

Every single month.

Looking ahead, we are beginning to work with our selected applicants to finalize their awards, including updating their work plans and budgets, completing various paperwork necessary to make our awards, and when we make our awards, we will have obligated funds prior to the September 30th, 2024 statutory deadline that Congress has given us two obligate funds under these historic programs.

It's.

And once that award is finalized, once funds are obligated, the performance periods under these historic grants will begin.

And we know that once that happens, the recipients and their partners will be ready.

And the reason for that is twofold.

First, we know that they have a track record of doing this work.

Many of them have been doing this work for decades in communities all across the country.

They will be ready because of who they are, but it's not only who they are, it is also what they showed us in the application evaluation and selection process.

Selected applicants brought hundreds of letters from transaction partners and potential counterparties.

They showed a transaction pipeline of billions of dollars.

They showed 700 letters from community lenders that want to be part of this historic and transformational program.

We are very excited not just by the selections made last week, but to look ahead to the impact they will drive in communities across the country starting hopefully this July.

There's a lot of further information that we've put on the EPA website, not just to press release, but also fast facts, including some of the facts on the impact that these applications will drive across the country.

You can find a tremendous amount of detail on our robust months long review and selection process.

Find more detail and selected applicants under the two programs, not just a paragraph description but also a link to their websites and very importantly the core 50 or 70 page document that was included in the application package submitted to EPA.

That was evaluated and selected for award.

And as I just mentioned, we do have links to the websites of our selected applicants on the EPA website, which you all should feel free to go and check out on your own opportunity finance network and inclusive justice Climate Fund, ACC Native CDF Network.

They all have sites that are up and running where you can learn more and for some of these selected applicants they already have built intake mechanisms to begin connecting with potential partners.

I will pause it there and turn it back over to Ted.

Tune to take us through some questions.

 **Toon, Theodore** 23:26

Thank you, Asher.

Thanks for the great information and and reminder to folks that you can use the chat function to submit questions to us.

I'll go through a couple of the the the top line questions and and then we'll continue taking them as they come in.

There's a question here about are the funds already distributed, or is EPA still going to select the applicants?

Last week, we announced the selection of the applicants.

MA **Mayerson, Asher** 23:47

Yeah, that's.

TT **Toon, Theodore** 23:53

We will spend as Azure mentioned, we'll spend the next several weeks working through the terms and conditions of those grant agreements.

The funds are not fully distributed or obligated, yet they will be obligated at the point of the finalization of the grant agreements which we expect by July.

And a list of the entities that were selected.

Those are included in the slides as well as on the website.

So if you look at the slide that's up on the screen now, those are the five entities that were that were selected.

 **Widawsky, David** 24:35

There's a question that came in how does the funding flow?

Will the funding remain within the government, such as EPA or Treasury until drawn for use, or will the funding reside with the grantees?

MA **Mayerson, Asher** 24:46

Yeah, that's a it's a great question.

Ah, funds are accessed via via Treasury by the grant recipients and then subrecipients access funds through the grant recipient.

That's how the chain of privity works in the little grant agreements.

TT **Toon, Theodore** 25:11

And Azure, there's a question here about the long term vision of the capital revolving beyond the first round of investment.

So one of the listeners today at her jahiz earlier interview about about this, this, this question.

MA **Mayerson, Asher** 25:18

Yeah.

TT Toon, Theodore 25:24

So wondering if you can address that.

MA Mayerson, Asher 25:26

Yeah, that's a it's a really good question.

Are there are terms and conditions on not just the initial deployment of capital, but also the revolution of capital to make sure that the funds are consistently used to drive impact against our three program objectives?

That applies to both the NCIS NCI programs that applies not just to recipients, but that requirement also flows down to subrecipients through the suborder agreements between recipients and subrecipients.

It's a really good question.

 **Widawsky, David** 26:03

And the second part of that question is, are there going to be caps on interest rates that these awardees can charge for Community loans?

MA Mayerson, Asher 26:12

It's it's a great question and of course.

Of course.

Uh, we expect much of this financing to be concessionary in some way, either provide either serving a market that wouldn't have otherwise been served or providing more affordable accessible financing for a Community that needs it.

Part of our terms and conditions on consumer protection include robust consumer protection requirements that have been developed in concert with our partners at the Consumer Financial Protection Bureau in particular.

So that's of course top of mind to make sure that financing itself delivers benefits to communities in addition to the projects that are deployed as well.

TT Toon, Theodore 27:02

And there are few questions here about obligations of funds.

One is can you explain the difference between the obligation of the funds and the deployment of the funds?

And then a related question is, once the funds are obligated, do we have any capacity to claw back funding if we if necessary?

MA **Mayerson, Asher** 27:20

Yep.

Great questions so.

O funds are obligated once an EPA award official signs a notice of award.

So we expect that to happen over the next several months once funds are obligated, BENEFCIENT has access to funds only in accordance with the terms and conditions of their award agreement.

On the question of clawbacks as a grant, as the grantor agency, we have remedies for non compliance, a wide range of revenues that are specified in the grant regulations.

So that's included in two CFR 200, including client back funds and all the way up to and including termination of the award agreements.

TT **Toon, Theodore** 28:12

Pick. Thanks.

A couple of questions about the entities, did we allow for the collaboration or joint organizations or or companies to to apply, you know, in other words where their applications that had more than one entity?

MA **Mayerson, Asher** 28:27

Yeah.

TT **Toon, Theodore** 28:27

And secondarily, are there opportunities for entities to still collaborate with these recipients or selectees at this point?

MA **Mayerson, Asher** 28:34

Great.

Great question.

So we always provide a grant to just one single legal entity.

That is our recipient, but the recipients will have so many partners included in execution of their funded programs.

Some of those partners are named on the applications.

We called those coalition members.

They're named Subrecipients and what that was in the application is the prime recipient submitting the application and promising to provide sub awards to those coalition members who are named Subrecipients.

However, additional partners can be added post award and partners are not just subrecipients, there are technical assistance partners.

They're they're a wider range of partners to make sure that these programs are successful and you can see that in the application packages that we've disclosed in our website and those can of course feel free to continue building those partnerships with the selected applicants over the next couple of months.

TT **Toon, Theodore** 29:41

Right.

Thanks.

And how long are the award agreements?

MA **Mayerson, Asher** 29:44

But it's a great question.

The initial period of performance for the NCIF is 7 years up to 7 years, but potentially shorter depending on the recipients activities.

The initial period of performance for the CCIA is up to six years, potentially shorter depending on the recipients activities.

However, as we mentioned earlier, they're going to be long lasting requirements on the use of funds to make sure that funds are always used in accordance with the goals of this program to reduce emissions, to deliver benefits into mobilized financing and private capital, and that will be a part of the architecture of our award agreements.

TT **Toon, Theodore** 30:27

Right, this is a really great question.

One challenge observed in the past with similar awards is the limited local capacity, especially in marginalized communities.

What plans are there to build such capacity where it does not exist in the first place?

MA **Mayerson, Asher** 30:42

Yeah, it's a.

It's a really good question and I think that there are there are two ways to think about to think about building.

How does this program build capacity?

One is program design which is on us and then the second is program execution which is on our recipients.

On program design, we designed these two complementary programs to build in the national Clean Financing Network.

Once it create national clean financial institutions to deliver accessible, affordable financing across the country and then second, the Clean Communities Investment slider to really reach deep into communities, to touch hundreds of community leaders and to provide them not just capital for financing but also technical assistance sub awards to do that important work.

So that's a really important part of the program's design in terms of execution.

I'd encourage folks to go and look at the narrative proposals of the selected applicants that we posted online, because there is a lot of detail on the types of pipeline and market building and pre development work that will be funded under this program so that they can finance pipelines of qualified projects.

TT **Toon, Theodore** 31:53

Perfect.

Well, thank you very much, Asher and David for your welcoming comments.

We are at the bottom of the hour, so I'm gonna close this out.

I wanna thank everybody for participating.

I know we did not get to all of the questions and we'll continue taking questions via our inbox and trying to answer them to the extent that we can a reminder also that both the slides that we used in today's presentation as well as a a recording of today's session will be posted on our website.

So please continue to reference our website or a ton of information as Azure mentioned, there are several resources there relative to the the the program and the rollout.

So thank you very much for your time.

We can.

We appreciate your continued partnership as we roll out the Clean Communities Investment Accelerator, have a great afternoon.
Thank you so much.