

Inflation Reduction Act: Opportunities for Local Governments

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Overview

1. Climate and EJ Grants
2. Clean Energy Tax Credits
3. Schools, Ports, Housing, Forestry, Building Codes



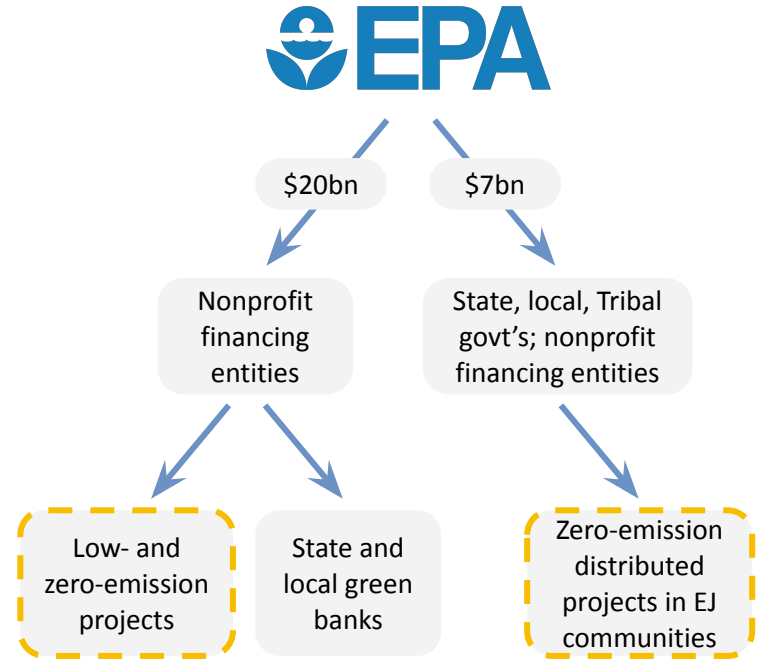
Photo courtesy of Henrik Kam

Climate & Environmental Justice Grants

Greenhouse Gas Reduction Fund

\$27 billion, with at least \$15 billion (40%) set aside for disadvantaged communities.

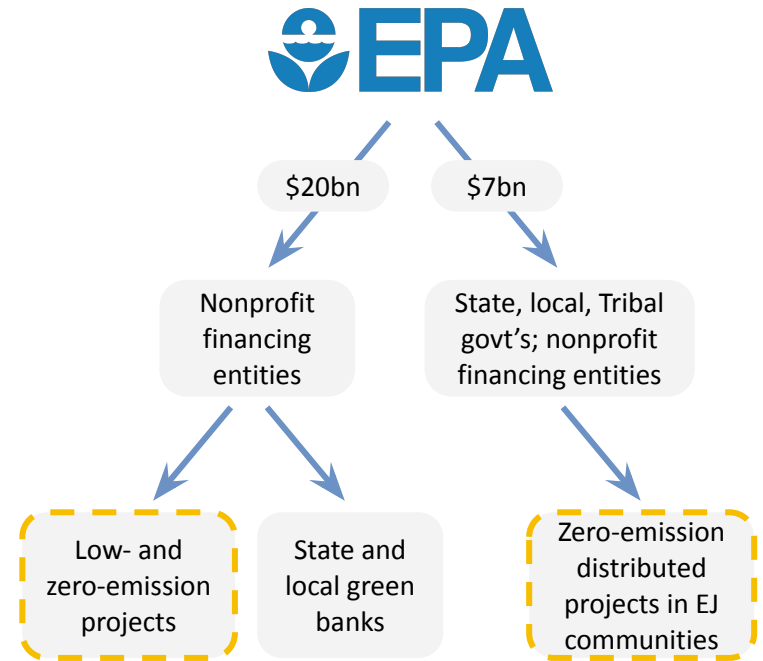
Focused on creating green banks and other nonprofit financing for building clean energy for low-income and disadvantaged communities.



Greenhouse Gas Reduction Fund

“Direct investment” by nonprofit financing entities can include:

- **A wide range of financing tools**, including low- or zero-interest loans
- **A wide range of projects**, as long as they reduce or avoid GHG emissions
- Individual (i.e., household) projects, community-scale projects, aggregated projects, and so on; **recipients have broad flexibility in the types of projects they finance**



GGRF - Green Banks and CDFIs

- Are there are any qualified green banks in Missouri?
- Do cities in Missouri have authority to create green banks?
- Do existing Community Development Financial Institutions in Missouri know about the Greenhouse Gas Reduction Fund opportunities? (CDFIs may only receive “indirect funding” under the GGRF)

Greenhouse Gas Reduction Fund

Three GGRF funding competitions:

- \$14 Billion: 2-3 national green banks
- \$6 Billion: 2-7 regional hub nonprofits to support more clean banks
- \$7 Billion: Solar For All

[U.S. EPA website: Greenhouse Gas Reduction Fund](#)

GGRF - Solar For All

- **Funding Notice:** June 28, 2023, \$7 billion
- **Eligible entities:** States, Tribal governments, municipalities, and nonprofits (including coalitions). “Councils of governments” require letter from state AG verifying status as creation of state law.
- **Purpose:** Expanding or creating community solar programs for low-income and disadvantaged communities
- **Specific uses:** Rooftop solar, community solar, associated storage, enabling upgrades, and solar workforce development in low-income and disadvantaged communities. Includes program administration, including subgrant administration.

GGRF - Solar For All - NOFO

Types of Solar for All awards:

- 1) Up to 56 awards, one to serve each of the 56 states/territories
- 2) Up to 5 awards to Tribes
- 3) Up to 10 awards to serve “similar communities” across multiple states.

Applicants for all three award options can apply for a small-sized program (\$25 - \$100 million), a medium-sized program (\$100 - \$250 million), or a large-sized program (\$250 - \$400 million). Size is based generally on number of households expected to serve.

GGRF - Solar For All - NOFO

- **NOI deadline:** July 31, 2023 (states) and August 14, 2023 (local governments)
- **Applications:** September 26, 2023
- **Disadvantaged and Low-Income Communities:** [CEJST mapping tool](#) (and 3 others means of definition listed in NOFO)
- **Coalitions:** A coalition application is composed of one lead applicant, which partners with one or more non-lead coalition member(s). Lead must be an eligible entity. Application need not mention all sub-grantees.
- **Performance period:** EPA expects all funds to be deployed within the five-year period of performance (i.,e., 2024-2029)
- **Residential-Serving Community Solar:** delivers at least 50% of the power generated from the system to multiple residential customers within the same utility territory as the facility

EPA contact: ggrf@epa.gov

[EPA Solar for All NOFO website \(includes information webinars\).](#)

Climate Pollution Reduction Grants

Grants to government entities to develop climate pollution reduction plans and to implement them.

Lead Agencies in Missouri:

- Missouri Department of Natural Resources, Air Pollution Control Program
- East-West Gateway Council of Governments (St. Louis metro)
- Mid-America Regional Council (Kansas City metro)

[U.S. EPA website: Climate Pollution Reduction Grants](#)

Climate Pollution Reduction Grants

GHG Reduction Implementation Grants

- Agencies that accepted planning grants can apply for grants to implement projects or measures that reduce GHG and other air pollution
- Implementation grants will be awarded by U.S. EPA through a competitive process to implement measures contained in climate plans developed with planning grants.
- Implementation grant value likely to be at least tens of millions of dollars per agency (EPA has \$4.5 billion to distribute to sub-national governments)

Timeline for Implementation Grants:

- Funding opportunity posted by U.S. EPA in late 2023
- Implementation grant deadline is Q1 2024

EJ Block Grants - Change Grants

\$3B to “disadvantaged communities” via EPA grants

Eligible recipients:

- a “community-based nonprofit”,
- a partnership of community-based nonprofits, or
- a partnership between a community-based nonprofit and an Indian Tribe, **local government**, or institution of higher education



(Photo source: Portland Clean Energy Fund, <https://www.portland.gov/bps/cleanenergy/workforce-and-contractor-equity>)

EJ Block Grants - Change Grants

The list of eligible projects is very broad!

- Community-led air and other pollution monitoring, prevention, and remediation
- Investments in low- and zero-emission and resilient technologies and related infrastructure and workforce development that help reduce greenhouse gas emissions and other air pollutants
- Mitigating climate and health risks from urban heat islands, extreme heat, wood heater emissions, and wildfire events
- Climate resilience and adaptation
- Reducing indoor toxics and indoor air pollution
- Facilitating engagement of disadvantaged communities in public processes

EJ Block Grants - Change Grants

Timeline:

- Late Summer 2023: Funding Opportunity Posted By U.S. EPA (\$2 Billion)
- Application window will be one year with rolling applications
- First awards likely Q4 2023 or Q1 2024

[EPA website: EJ Block Grants](#)

Clean Energy Credits

Clean Energy Production and Investment Tax Credit

- Extended and expanded existing PTC and ITC through Dec. 2024 and new tech-neutral Clean Energy Production and Investment credits take effect in Jan. 2025.
- **Local Governments Eligible:** Non-Profit Entities Receive “**Direct Pay**” Amounts of Comparable Value to For-Profit Entities Tax Credits.
- “Energy Community” and Domestic Content - 10% adders increase value for PTC or ITC
- **Timeline:** Construction by 2032 or when the U.S. electric sector hits 75% GHG reduction (which is later)

[U.S. Treasury website: Direct Pay Guidance](#)



Photo by Dennis Schroeder, National Renewable Energy Laboratory

Low-Income Community Bonus Credit For Small Wind and Solar

Adder:

- Adds up to 20% increase to ITC for small-scale solar and wind projects under 5 MW
- Strategically placed small solar/wind projects could get up to **70% ITC**

Criteria:

- Must apply to U.S. Treasury for limited subscription.
- For 2023: 700 MW nationwide for low-income communities; 200 MW for facilities serving federally-subsidized residential buildings,
- Similar availability for small wind/solar located on Indian Land, Qualified Low-Income Economic Benefit Project

Eligible Entity:

- Owner of facility, which could include local government.

Timeline:

- Treasury has a proposed rulemaking; comments are due on June 30, 2023
- Notice of funding TBD in 2023, with 60-day application period when posted.

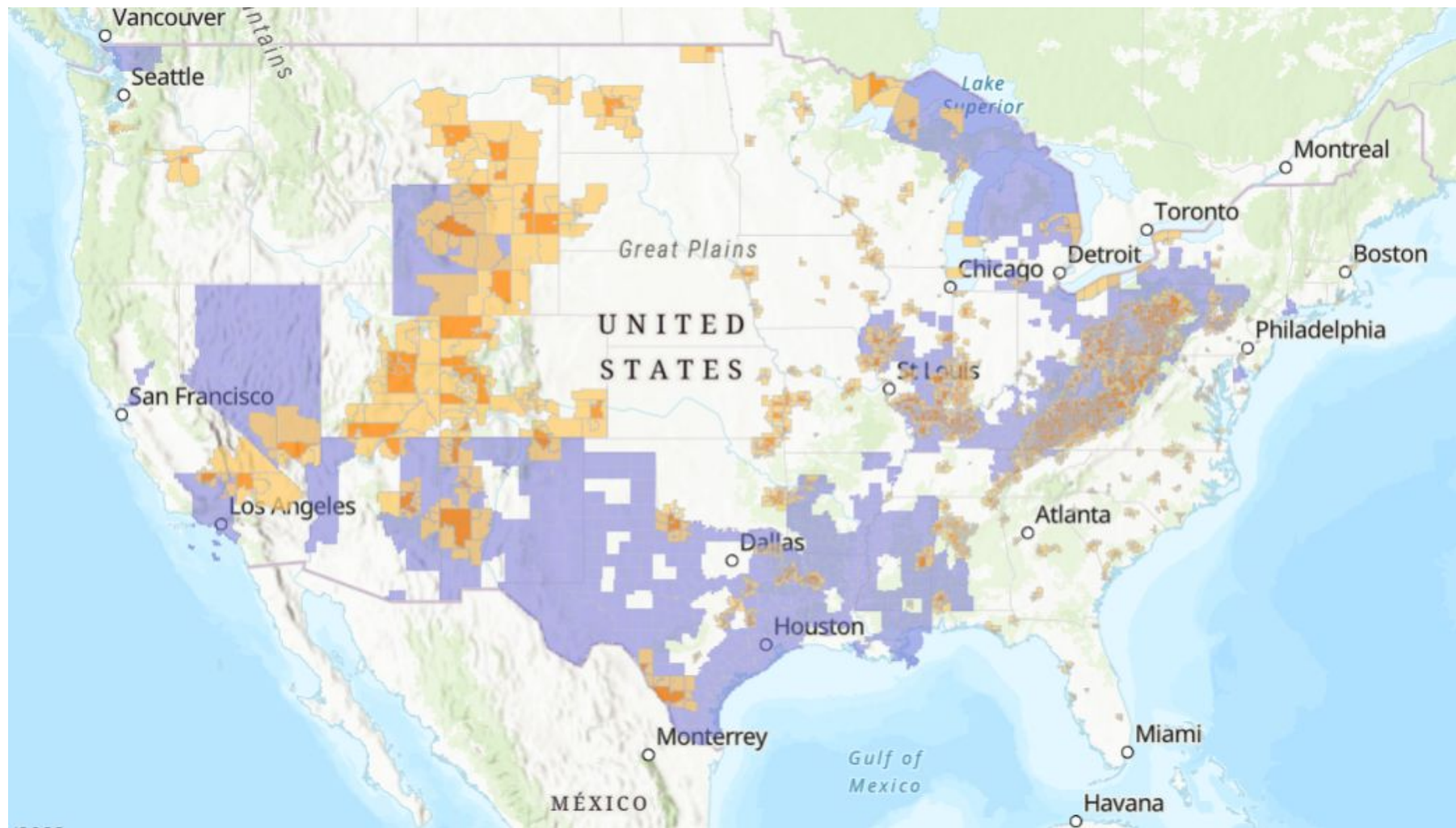
[U.S. Treasury: Guidance on Low-Income Bonus Credit](#)

Energy Communities 10% Adder for Clean Energy Credits

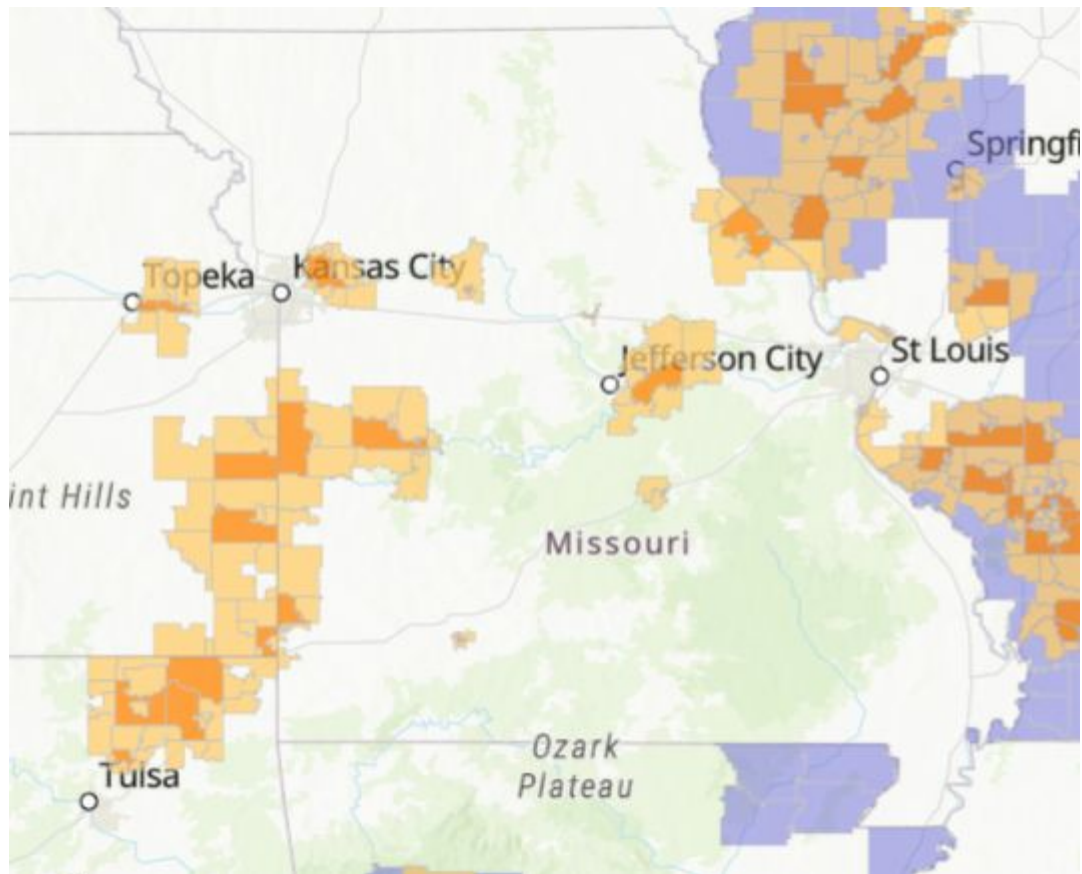
Energy Communities are defined by the IRA as *any* of the following criteria:

- a. Brownfields
- b. Census tracts or adjoining census tracts where:
 - i. A coal mine has closed after 12/31/99, or
 - ii. A coal-fired electric generating **unit** has been retired anytime after 12/31/09
- c. Census statistical areas that have significant fossil fuel employment *and* unemployment rates above the national average
 - i. Also applies to areas with high fossil fuel employment after Dec 31, 1999
 - ii. Fossil fuel employment: areas that have significant employment related to the extraction, processing, transport, or storage of coal, oil, or natural gas

[U.S. DOE mapping tool \(does not include brownfields\)](#)



Energy Communities: Missouri (does not show brownfields)



Energy Communities 10% Adder - Brownfields

- “Brownfields” qualify for 10% increase to clean energy tax credits
- Question: Is there an authoritative mapping tool or even list of “brownfields” in Missouri?

Schools, Ports, Housing, Forestry, Building Codes

Schools

- Clean School Buses Grants
 - Clean School Bus Program provides \$5 billion over the five years to replace existing school buses with zero-emission and low-emission models.
 - [A grant application deadline August 22, 2023.](#)
- Reducing Pollution in Low Income School Grants: \$50 million.
 - U.S. EPA will award grants to schools serving low-income communities to address environmental issues, develop school environmental quality plans, mitigate ongoing air pollution hazards.
 - Funding announcement TBD
 - [EPA Request for Information](#) (seeking input on how to implement program)

EPA Clean Ports Program

- \$3 billion to fund zero-emission port equipment and technology and to help ports develop climate action plans to reduce air pollutants at U.S. ports.
- Funding announcement TBD
- Eligible recipients include: Port Authority; State, local governments with jurisdiction over ports

[EPA website: Clean Ports Program](#)

Green & Resilient Retrofit Program

“Improving Energy Efficiency or Water Efficiency or Climate Resilience of Affordable Housing”

Administered by HUD through 9/2028

Eligible uses:

- improve energy or water efficiency, indoor air quality, sustainability, or climate resilience
- low-emission technologies, materials, or processes, including zero-emission electricity generation, energy storage, building electrification

Eligible entities:

- **owners** of privately-owned, HUD-subsidized properties that agree to an extended period of affordability

[HUD website](#)



Green & Resilient Retrofit Program

- Three GRRP Competitions or “Cohorts”:
 - Elements:
 - \$40k per unit Or \$750K per property
 - Eligible uses: electric HVAC heat pumps, Energy Star windows, fire resistant roofs and clean energy generation systems.
 - 200 awards with \$140 million in funding
 - Leading Edge:
 - Leading Edge awards provide funding for ambitious retrofit activities to achieve an advanced green certification.
 - \$60k per unit Or \$10 million per property
 - 100 awards with \$400 million in funding
 - Comprehensive:
 - Properties with the highest need for climate resilience and utility efficiency upgrades
 - 300 awards with \$1.47 billion in funding

[HUD Funding Notice for Leading Edge and Comprehensive Competitions](#)

Urban Forestry

- Competitive grants for tree planting projects that prioritize underserved populations and areas.
- Eligible recipients include: State, local governments, Tribes, and nonprofits
- Funding must be matched (1:1) unless project exclusively serves disadvantaged communities.

[U.S. Forest Service's Urban and Community Forest Program](#)

Technical Assistance for Building Codes

- Inflation Reduction Act (IRA) funding is available through the Department of Energy for Technical Assistance for Building Energy Codes.
- \$1 billion dollars will be available from the DOE through September 2029 for states and local governments
- Funding will be available for state and local governments who adopt either the model codes or the zero energy provisions

[U.S. DOE Technical Assistance for Building Codes](#)

[U.S. DOE Funding Notice](#)

[U.S. DOE Technical Assistance for Building Codes presentation](#)