October 11, 2022

Hon. Edward H. Chu,
Designated Federal Officer
Environmental Financial Advisory Board
U.S. Environmental Protection Agency

Hon. Kerry O'Neill,
Chair
Environmental Financial Advisory Board
U.S. Environmental Protection Agency

RE: Greenhouse Gas Reduction Fund

Dear Mr. Chu, Ms. O'Neill, and Members of the U.S. Environmental Protection Agency's Environmental Financial Advisory Board-

The Greenhouse Gas Reduction Fund ("GGRF" or "Fund") represents a historic investment in the fight against climate change. It is designed to reduce or avoid greenhouse gas emissions and other forms of air pollution by accelerating investment in clean energy technologies in every community in the United States, including low-income and disadvantaged communities that are often left out of public and private investments. For EPA, the $27B appropriated to the Fund by the Inflation Reduction Act ("IRA" or "Act") is unprecedented, and the deadlines established in the Act leave the agency with little time to stand up an entirely new grant program. As emphasized by Senator Van Hollen, Senator Markey, and Representative Dingell in their September 9, 2022, letter to EPA Administrator Michael Regan ("Congressional Letter"), meeting those statutory deadlines is critical to the Fund's ability to reduce emissions of greenhouse gases and other forms of air pollution at the levels called for by the President, and we encourage the Environmental Finance Advisory Board ("EFAB") to advise EPA on how the agency can implement the Act within the Congressionally-mandated deadlines.

The Congressional Letter, in conjunction with a statement for the Congressional Record made by Representative Dingell, documents the legislative history of the GGRF and Congress's intent for how EPA should implement this new program. We commend both to the EFAB, and have included them as Attachment I and Attachment II to these comments. We further encourage the EFAB to provide EPA with advice that is consistent with Congress's intent, as documented by the Members of Congress that were the lead sponsors of the legislation that was incorporated into the IRA to create the GGRF. Together, the Letter and the Statement provide EPA with a roadmap for how to implement the GGRF and award the full amount appropriated by Congress within the time provided in the Act.

The Letter and Statement explain that Congress's intent in creating the GGRF was to capitalize a single national, nonprofit financial institution – often referred to as the National Green Bank. Consistent with well-established financial protocols, Congress understood that consolidating the grant money in a single National Green Bank would actually *expand* the number of entities that would benefit from the funding provided through the GGRF and the total amount of "funding and technical assistance" that will be delivered to these entities. That is true for several reasons.

- Congress drafted the legislation not only to provide financial assistance to qualified projects, but also to provide technical assistance and financial assistance to new or existing public, quasi-public, not-for-profit, or nonprofit entities that provide financial assistance to qualified projects at the State, local, territorial, or Tribal level or in the District of Columbia, including community- and low-income-focused lenders and capital providers. Simply put, the National Green Bank is required to share the funding it receives with all entities that are committed to accelerating investment in clean energy technologies in every community in the United States.
- Unlike a traditional grant program with a one-time application window, the National Green Bank will have the ability to expand continually the network of new or existing entities that receive funds through the GGRF long after the application window closes. No existing membership organization or network can be certain that its current members alone can meet the environmental justice mandate included in the GGRF. The National Green Bank's flexibility is essential to meeting the President's Justice40 goals, because low-income and disadvantaged communities are less likely to currently be served by financial institutions that will be prepared to provide green financing on Day 1. Recognizing this, Congress included a requirement that the National Green Bank provide both technical assistance and financial assistance to help create new and develop existing public, quasi-public, not-for-profit, or nonprofit entities that will provide financial assistance to qualified projects, including projects located in low-income and disadvantaged communities.
- Congress recognized that to accelerate the construction of the clean power platform in the most critical communities in the country, the National Green Bank will need to focus "funding and technical assistance" on geographic and demographic targets. To this end, the National Green Bank will depend upon partnerships in those communities with nonprofit financial institutions of all kinds. Continual focus on well-selected communities will require a consistent strategy with an adaptable and flexible approach to problem solving by the National Green Bank and its partners in those communities. By providing the money to a single National Green Bank and requiring the bank to in turn provide technical and financial assistance to new and existing financial entities, Congress found a creative solution that overcame the time-based limitations of a traditional grant program.
- Capitalizing one single independent National Green Bank offers both the benefits of flexibility and speed in decision-making that private sector financing entities enjoy and the restraint on profit-seeking that should attach to the recipient of taxpayer funds. That flexibility will allow the National Green Bank to prioritize delivery of funds to communities with the greatest need, and to quickly respond as demands and needs change over time.

Finally, it is important to note that this flexibility does not come at the expense of accountability. In fact, capitalizing a single National Green Bank will allow for more effective and efficient accountability by consolidating the responsibilities and obligations in a single entity. The National Green Bank will be responsible for ensuring the funds are used consistent with the requirements of the IRA and the terms and conditions contained in the grant agreement. That grant agreement will include key aspects of the National Green Bank's governance and business plan, which will enable effective oversight by EPA and Congress.

As intended by Congress, capitalizing a National Green Bank is an essential component for meeting the stated purpose of the GGRF and is key to ensuring the rapid deployment of funds to communities across the country, and in particular low-income and disadvantaged communities. We commend the EFAB for taking on this important charge and encourage you to provide advice to EPA that is consistent with Congress's intent, will assist the agency in meeting its responsibilities under the IRA, can make a meaningful difference in the effort to reach low-income and disadvantaged communities, and helps the GGRF realize its full potential.

If I or anyone at the Coalition for Green Capital can be of assistance as you complete your work, please do not hesitate to contact me.

Sincerely,

Kevin S. Minoli
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Counsel to the Coalition for Green Capital

Enclosures

cc: Reed Hundt
Robert Sussman

ATTACHMENT I

Congress of the United States
Washington, DC 20515

September 9, 2022

The Honorable Michael Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator Regan,

As the lead sponsors of the *National Climate Bank Act* (S. 283) and the *Clean Energy and Sustainability Accelerator Act* (H.R. 806) in the Senate and House of Representatives, we worked to include the Greenhouse Gas Reduction Fund (GHGRF) in the *Inflation Reduction Act* (Pub. L. 117-169) to provide resources to fulfill the mission of our legislation. Therefore, we write to encourage you to rapidly invest maximum funding from the GHGRF to capitalize a national climate bank that will support an equitable transition to a clean-energy economy and fund a nationwide network of state and local climate banks, which will turn the challenge of climate change into an opportunity for prosperity. As the GHGRF intentionally dedicates $8 billion to the "purposes of providing financial assistance and technical assistance in low-income and disadvantaged communities," the swift and successful disbursement of this funding will further the Biden administration's environmental justice goals, which you have been a strong advocate for within the Environmental Protection Agency (EPA). An effective national climate bank program will build generational climate-friendly wealth in communities that have the least access to clean energy capital and are most at risk from environmental harm.

We have long championed the concept of a single, independent, non-profit national climate bank that would maximize the leveraging of private capital investment, ensure the efficient distribution of funds within a growing green bank network, and create opportunities for large scale, transformational investments—particularly in environmental justice communities – and it is critical to the country's ability to reduce emissions of GHGs at the levels called for by the President.. The GHGRF is poised to accomplish that goal as it intentionally includes as an eligible recipient a nonprofit organization that:

> *"is designed to provide capital, leverage private capital, and provide other forms of financial assistance for the rapid deployment of low- and zero-emission products, technologies, and services; does not take deposits other than deposits from repayments and other revenue received from financial assistance provided using grant funds under this section; is funded by public or charitable contributions; and invests in or finances projects alone or in conjunction with other investors,"*

The provision also instructs eligible recipients to use grant funding to make direct investments which:

> *"provide financial assistance to qualified projects at the national, regional, state, and local levels; prioritize investment in qualified projects that would otherwise lack access to financing; and retain, manage, recycle, and monetize all repayments and other revenue received from fees, interest, repaid loans, and all other types of*

> *financial assistance provided using grant funds under this section to ensure continued operability."*

Furthermore, the GHGRF requires recipients to make indirect investments to promote climate finance efforts throughout the country by:

> *"provid[ing] funding and technical assistance to establish new or support existing public, quasi-public, not-for-profit, or nonprofit entities that provide financial assistance to qualified projects at the State, local, territorial, or tribal level or in the District of Columbia, including community- and low-income-focused lenders and capital providers."*

A national climate bank is uniquely structured to meet all of the requirements of the GHGRF. It will bring together a comprehensive, diverse, and inclusive network of state and local financing entities in the public and non-profit sectors. We have championed the effectiveness of a standalone national institution that is authorized to capitalize both current and newly formed state and local banks, along with all other entities eligible to receive indirect assistance through our legislation. This approach allows these subnational entities, nonprofits, and lenders to make their own investments tailored to the needs of their communities, with the financial and technical support of the national climate bank. In the aggregate, a national climate bank and its network is expected to produce $10 billion of public-private investment over a decade for every $1 billion in initial capital.[1]

The GHGRF will provide a national climate bank with the funding it needs to immediately begin investing in qualified projects that would otherwise lack access to financing on favorable terms. There are $200 million worth of projects targeting low-and-moderate income communities, nonprofits, public schools, and affordable housing that are shovel-ready, in addition to the $21 billion in clean technology projects that are in the larger pipeline.[2] With so many projects ready to go, it is vital that we establish an organized central entity that is able to fund qualified large-scale projects and coordinate downstream financial entities to implement a system that efficiently reduces emissions and supports disadvantaged communities in those efforts.

As a centralized institution, a national climate bank will reduce costs for financial entities, attract private capital investments, and support a more efficient project-financing pipeline, while also seeding and providing technical support to state and local climate banks, minority depository institutions, community development financial institutions (CDFIs), and other nonprofits. Green banks have already proven successful on the local and state level, and a national bank would support those efforts while providing additional coordination for larger projects at the regional and national level. Green banks have been established or are being considered for development in 37 states and in Washington, DC, and are supported by governors of both parties.[3] A national climate bank will optimize our federal investment and provide a unified national approach to climate mitigation, while supporting state and local banks' abilities to meet their individual needs. A green bank network will be able to rise to the challenge that climate change presents with the leadership and guidance of a national climate bank.

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[1] "Supporting a Clean Energy Recovery: Jobs and Emissions Impacts of a $100 Billion Clean Energy and Sustainability Accelerator" (Vivid Economics Limited, December 18, 2020).

[2] "National Green Bank: Project Ready Day One - Conversations with the American Green Bank Consortium," July 7, 2021, http://coalitionforgreencapital.com/wp-content/uploads/National-Green-Bank-Project-Ready-Day-One.pdf.

[3] Nevada's green bank, the Nevada Clean Energy Fund, was signed into law by Republican Governor Sandoval.

To carry out the requirement that 40 percent of funds within the GHGRF be dedicated in support of environmental justice communities, a national climate bank can use trusted community partners, such as local green banks and CDFIs, to target investments within disadvantaged communities. These partnerships will allow the benefits of clean technologies to reach communities that have been left behind for too long. Moreover, the national climate bank will lower costs for all consumers, including low-to-moderate income households, by deploying tested financial instruments that will reduce energy consumption, costs, and emissions for everyday activities.[4]

Capitalizing a national climate bank will provide long-term, comparatively low-cost solution to reduce our reliance on fossil fuels and greenhouse gas emissions, while decreasing families' energy bills and creating new clean energy jobs. As authors of the legislation upon which the GHGRF is based, we urge you to maximize the impact of these funds through the capitalization of a national climate bank which will have the capacity to make direct investments in qualified projects at the national and regional levels and provide funding and technical assistance to state and local financing entities. We look forward to working together as EPA establishes the implementation procedures for the GHGRF, per the statute and intent of the *Inflation Reduction Act*, and thank you for your efforts on this historic project.

Sincerely,

Chris Van Hollen
United States Senator

Edward J. Markey
United States Senator

Debbie Dingell
Member of Congress

[4] The Climate Access Fund of Maryland is developing, managing, and financing a community solar array on the rooftop of the Henderson-Hopkins School in Baltimore, MD. This project will be open to 175 low-to-moderate-income households in East Baltimore, and will save each subscriber an estimated $200 annually on electricity.

ATTACHMENT II

lease sales provided through the Inflation Reduction Act are somehow being rushed through or will be conducted with insufficient administrative process. That is simply not the case.

These sales were scheduled under the Obama Administration under the 2017–2022 five-year plan. That Interior department subjected the plan to a large programmatic environmental impact statement. They then underwent a multi-sale EIS. These sales then also went through a supplemental EIS. Thus, the idea that any further process should be required is just not credible and that is why the bill requires them to occur by a date certain.

It is in our national interest to do so as quickly as possible so that the energy crisis does not become even worse and so that the fuel and revenue these sales will generate can find their way into our economy sooner than later.

Mrs. DINGELL. Madam Speaker, I rise in strong support of the Inflation Reduction Act we are considering today and would like to speak specifically to the inclusion of the Greenhouse Gas Reduction Fund, which is based on important legislation I authored to address the climate crisis.

The Inflation Reduction Act appropriates $27 billion to the Environmental Protection Agency (EPA) to finance climate specific projects that will reduce carbon emissions, which will be dispensed through the Greenhouse Gas (GHG) Reduction Fund. The GHG Reduction Fund is the product of more than 13 years of legislative effort by numerous members of the House and Senate and provides resources to fulfill the vision and mission of this legislative effort to capitalize a national climate bank that will support a swift transition to an equitable, clean-energy economy,

In the House, the GHG Reduction Fund is based on H.R. 806, the Clean Energy and Sustainability Accelerator Act. I introduced this important legislation to provide the maximum funding possible to and capitalize a single independent, non-profit national financing institution (''NNFI'')—the first ever national green bank—that would in turn make its financial and technical resources available to communities across the country. It is our hope, as the administration implements the GHG Reduction Fund, it will consider the benefits and structure of the Clean Energy and Sustainability Accelerator Act.

It is our hope the Environmental Protection Agency would make awards through the GHG Reduction Fund to capitalize a single NNFI, as intended under the Clean Energy and Sustainability Accelerator Act, and for that NNFI to use that capitalization funding to leverage private investment in amounts several times greater than the initial public investment. Once capitalized, the bill requires the entity to make direct investments into qualified projects at the national, regional, state, and local levels and, importantly, to make indirect investments into such projects by providing financial and technical assistance to an open, inclusive, and ever-expanding network of state and local nonprofit financial institutions—including existing and newly established green banks and community development finance institutions—that are committed to making investments in the products that will compose the clean power platform on which the economy must run.

The GHG Reduction Fund makes an historic investment into low income and disadvantaged communities as well, mandating that at least 40 percent of the over $20 billion be used to benefit qualified projects and the financing entities that support qualified projects within these communities, but we expect that the full investment in these communities will be far larger through leverage and investments from the remainder of the Fund.

The GHG Reduction Fund, and the American people, would benefit most and achieve its purpose most effectively through the capitalization of a single independent NNFI, as originally intended in the Clean Energy and Sustainability Accelerator Act. A single independent NNFI will not be limited by any jurisdictional boundary—no community is beyond its reach. Therefore, the NNFI approach could directly invest in qualified projects anywhere in the United States that would otherwise lack funding. In addition, the NNFI approach can indirectly invest in any community by providing the funding and technical assistance necessary to establish new financial institutions and further capitalize and strengthen existing ones. The NNFI would grow a diverse, open, and inclusive network of state and local green banks and other mission driven financing entities.

Capitalizing a single independent NNFI at scale, through the GHG Reduction Fund, would also enable public investment to be leveraged more efficiently which, in turn, drives much greater private capital investment in qualified projects, whether at the national, regional, state, or local level. And the Inflation Reduction Act requires the entity to ''retain, manage, recycle, and monetize all repayments and other revenue'' generated using the capitalization grant. We count on EPA to assure that the NNFI will be subject to the appropriate regulations and requirements that would apply to similar non-profit institutions that have been capitalized with federal or nonfederal dollars. At the same time, the relationship between EPA and the single independent nonprofit national financing institution should be designed to preserve its operational flexibility and ability to respond quickly to market conditions to execute with the speed that the climate crisis demands.

Finally, the Inflation Reduction Act sets a 180-day period for EPA to complete all these steps: establish the GHG Reduction Fund, issue a grant solicitation, award capitalization grants, and disburse the funds. These aggressive deadlines were established because the GHG Reduction Fund cannot achieve its purpose unless the full amount of funds appropriated to this program are put into use through a NNFI approach immediately. Disbursing all the funds within 180 days though a single independent NNFI, as originally intended under the Clean Energy and Sustainability Accelerator Act will ensure that we can expeditiously address the urgent threat of catastrophic climate change, in an equitable manner, on day 181. A swift disbursement of the maximum funding amount possible will allow the climate bank to leverage more private financing—thereby ensuring our public investment has a far reaching impact.

The impacts of climate change have created an emergency situation that poses a substantial danger to the health and safety of the American public, and the award and disbursement of the maximum amount of funds appropriated to the GHG Reduction Fund cannot be delayed. We recognize that the timeline will require EPA, at every step in the grant process, to evaluate approaches that can reduce the amount of time that it would otherwise take to complete that step—and it is our intention that EPA will utilize all legally-authorized strategies that are necessary to ensure the full amount of the funding is disbursed on time.

Mr. THOMPSON of California. Madam Speaker, I strongly support H.R. 5376, the Inflation Reduction Act of 2022.

I am particularly pleased that the legislation before the House includes major provisions of my GREEN Act, including incentives for a vast array of clean and renewable energy sources.

This legislation represents the most sweeping and ambitious climate policy ever to pass the Congress.

It reduces our dependence on fossil fuels while accelerating the development of solar, wind, and other renewable energy sources.

And it incentivizes individuals to limit greenhouse gas emissions from their homes, their businesses, and their vehicles.

I am also extremely supportive of the health care provisions in this bill.

Allowing Medicare to negotiate the price of prescription drugs has been a priority for Democrats in Congress for decades—and this bill not only ensures that seniors don't go broke paying for their medicines, but also saves taxpayers hundreds of billions of dollars.

Given the negotiations of the past 18 months, this bill could not accommodate every single priority or proposal.

And I am hopeful that my colleagues will work with me moving forward to ensure that the corporate minimum tax—a policy I support—does not inadvertently burden companies, like some in my district, who suffered severe net operating losses in previous years due to natural disaster.

This bill is a tremendous step forward for our country. It pays down our deficit, reduces the cost of prescription drugs, extends health insurance subsidies for low-income Americans and invests hundreds of billions of dollars in clean and renewable energy.

I am proud to have helped author this legislation, and I strongly support its passage.

Mr. WELCH. Madam Speaker, as many of my colleagues know, I have worked for years to protect patient access to pharmacies across this nation. It is the intent of the United States House that this legislation, and in particular, Section 1860D–14C(c). MANUFACTURER DISCOUNT PROGRAM shall operate in the same manner as the Medicare Part D Coverage Gap Discount Program found under 42 USC 1395w–114a. CMS shall implement this provision to operate in the same manner with respect to a pharmacy. In that way, this section shall not result in any reduction in pharmacy reimbursement or require or permit price concessions or other remuneration from the pharmacy. We will convey this intent to the Centers for Medicare & Medicaid Services as they develop the rules that will govern this discount program. I will continue to look for additional ways to help patients and to preserve and protect our pharmacies that are so essential to communities across Vermont and our country.

Ms. BONAMICI. Madam Speaker, I rise today in support of a transformational piece of legislation, the Inflation Reduction Act.

The Inflation Reduction Act's historic investments will reduce costs for families and individuals, expand access to affordable health