



FIGHT FOR EQUITY: GREENHOUSE GAS REDUCTION FUND

The Environmental Protection Agency (EPA) released its initial program guidance for the Greenhouse Gas Reduction Fund (GHGRF), a \$27 billion program within the Inflation Reduction Act of 2022 to support the rapid deployment of low- and zero-emission technologies.

WHAT DO WE KNOW?

1) EPA Will Prioritize Investment in Low-Income and Disadvantaged Communities

Per the guidance, EPA will hold two separate competitions: the \$20 billion General and Low-Income Assistance Competition and the \$7 billion Zero-Emission Technology Fund competition. At least 55 percent (\$15 billion) of the GHGRF will provide financial and technical assistance benefit low-income and disadvantaged communities.

2) GHGRF Does Not Create a Single National Green Bank

EPA clarified its position that the Inflation Reduction Act (IRA) does not require the Agency to create a single national green bank. Instead, for the \$20 billion General and Low-Income Assistance program, EPA announced it plans to issue between two and 15 direct grants to eligible nonprofit entities. The Alliance, as leader of the Community Builders of Color Coalition (Coalition), has been vocal in its belief that the single entity approach to distributing the green financing program funding would lead to unintended and predictable consequences for the vulnerable communities that the GHGRF purports to benefit. As such, we are pleased that the EPA has acknowledged that a reliance on a wider set of financial intermediaries will more equitably and efficiently meet GHGRF goals.

3) Collaboration With Community Financial Institutions

EPA will prioritize General and Low-Income Assistance funding for nonprofit entities with a demonstrated track record of deploying capital to low-income and disadvantaged communities, with these entities leveraging the public dollars with private capital to invest in projects that reduce pollution and lower energy costs for families in the low-income and disadvantaged communities.

4) Emphasis on Technical Assistance and Capacity Building

EPA noted that access to technical assistance and capacity building for low-income and disadvantaged communities is critical to the successful implementation of the GHGRF. The Alliance is pleased with EPA's pledge to facilitate technical assistance and capacity building to support community-based organizations as they prepare their communities for the transition to an equitable, clean energy economy.

WHAT ARE THE NEXT STEPS?

EPA will release more details in its Notice of Funding Opportunities (NOFO) for both the \$7 billion zero emission technologies portion and the \$20 billion competitions in early Summer 2023. Applicants will likely have 60-90 days to respond, and EPA will obligate GHGRF grants by September 30, 2024.

EPA also announced it would begin a national Community Roundtable Series to learn about community-level solutions that the GHGRF can support. The Alliance will certainly provide EPA with feedback in those roundtables as we continue to promote program design and implementation features that are reflective of the critical role of CDFIs in the deployment of GHGRF.