December 5, 2022

U.S. Environmental Protection Agency
Docket ID No. EPA-HQ-OA-2022-0859

RE: California Climate and Energy Collaborative (CCEC) Comments on the U.S. EPA Greenhouse Gas REduction Fund Request for Information [Docket Number: EPA-HQ-OA-2022-0859]

Dear EPA Leadership and Staff,

The California Climate and Energy Collaborative (CCEC) welcomes the opportunity to provide comments in response to the U.S. Environmental Protection Agency's (EPA) October 21, 2022 Greenhouse Gas Reduction Fund Request for Information (RFI).

CCEC is a program of CivicWell (formerly known as the Local Government Commission) that supports California local governments and their partners in their efforts to save energy, reduce greenhouse gas emissions, and accelerate climate action by building knowledge and networks amongst practitioners. We are increasingly developing ways to foster better two-way communication between State, federal, and local agencies to better reach mutual energy and climate goals, and welcome greater collaboration with the EPA.

CCEC and its network recognize that the EPA is a global leader in environmental protection and climate action and applaud EPA's work in developing an exciting new funding opportunity for US communities. We recognize that the investments made by the Greenhouse Gas Reduction Fund can meaningfully elevate priorities related to climate change, clean energy, equity, and environmental justice for segments of California communities most in need.

In California, communities are facing record-breaking wildfires, heat waves, floods, drought, and repeated electricity outages and seek to build upon their decades of leadership in clean energy and emission reductions. Local, regional and State agencies in California have been providing their constituents with financial and technical assistance for emission reduction strategies and are well positioned to expand and improve these services. For example, 2009 American Recovery and Reinvestment Act investments helped several local governments offer energy upgrade programs to regions in California, including a variety of residential and commercial financing products, incentives, technical assistance, and job creation and workforce development support. Over 10 years later, those programs have expanded and grown with the help of funds administered by the California Public Utilities Commission earmarked for energy efficiency. As a result, locally-led Regional Energy Networks and a State-led GoGreenFinancing energy efficiency financing program (offered through eight credit unions) are serving communities statewide, but struggle to support some zero emission technologies outside of energy efficiency, like residential rooftop solar.

In September, we hosted our Annual Statewide Climate & Energy Forum on the topic of *Accelerating Climate Action & Advancing Justice* for nearly 400 local climate and energy practitioners, as well as several State leaders, where communities across the state presented their innovative approaches to advancing local and regional climate and energy initiatives in an inclusive, conscientious way without leaving anyone behind. Our network shares EPA's desire to foster effective, on-the-ground implementation of equitable emission reduction solutions in coordination with regions and communities throughout California. We believe that cities, counties, special districts, regional municipal organizations, and local energy-focused consortiums like Regional Energy Networks (RENs), regional climate collaborative, and Community Choice Aggregation (CCA) programs - and their community partners - are in a key and irreplaceable position to continue pushing California towards a 100 percent clean energy and climate-stable future. However, local agencies lack the necessary internal resources and capacity to match the enormity and urgency of the growing need for clean energy and climate solutions, as well as to meet the targets and goals established by State or federal agencies. We appreciate that this new funding opportunity can help California communities unlock vast untapped potential to lower emissions at the local level.

Our comments and recommendations respond to the questions posed by the EPA in the RFI. They reflect the needs and priorities that our extensive network of thousands of California local government staff, officials, and supporting organizations have shared with us.

Section 1: Low-Income and Disadvantaged Communities

Definitions

CCEC appreciates that EPA is working to define the criteria it will use to ensure low-income and disadvantaged communities can participate and benefit in the program. There are several approaches to defining communities in need of investment in California, which have preceded Justice40 and other federal approaches.

In California, State energy and climate investments are often tied to the definitions of low-income or disadvantaged communities in the State's CalEnvironScreen mapping tool. This tool helps identify California communities that are most affected by many sources of pollution, and where people are often especially vulnerable to pollution's effects. CalEnviroScreen uses environmental, health, and socioeconomic information to produce scores for every census tract in the state (see indicators). Recently, all Native American Reservations and Allotments were deemed to meet the criteria of disadvantaged communities.

Programs like the State's Transformative Climate Communities (TCC) use CalEnviroScreen criteria to invest in priority populations. TCC administrators also set the following thresholds for grants: "Communities in which more than half of the area overlaps with census tracts designated as a disadvantaged community per CalEnviroScreen or the TCC Guidelines. The remaining area (49% or less) must overlap with census tracts designated as disadvantaged community or with AB 1550 low-income tracts." The program underscores that it can be administratively challenging to offer complex programs like financial assistance only to those census tracts that meet the definition. If eligibility criteria are too restrictive or confusing, municipalities may not be sure whether to apply.

Laurel Rothchild from The Energy Coalition, an active member of the CCEC network, details another State initiative, the California PUC Environmental Social Justice Action Plan, which presents criteria for defining an Environmental Social Justice Community.

- Disadvantaged Communities, defined as census tracts that score in the top 25% of CalEnviroScreen 3.0, along with those that score within the highest 5% of CalEnviroScreen 3.0's Pollution Burden but do not receive an overall CalEnviroScreen score;
- All Tribal lands
- Low-income households (Household incomes below 80 percent of the area median income); and
- Low-income census tracts (Census tracts where aggregated household incomes are less than 80 percent of area or state median income).
- Ms. Rothchild adds that additional specific considerations include:
    - Community zip code lies within a low-income community containing census tracts classified as "very low-income" by California's Department of Housing and Community Development, Division of Housing Policy Development.
    - Community lies within a rural community zip code containing tracts classified by Rural-Urban Commuting Area (RUCA) codes as being outside of a metropolitan area core. The RUCA system, developed by the USDA, takes into account population density and considers how closely a community is socio-economically linked to larger urban centers.
    - School is designated as a Title 1 school, identifiable via CA Department of Education data. These schools have a high concentration of students from low-income households.

CCEC recommends that the State look closely at the experience gained in California, and ensure that those applicants in States with existing low income and disadvantaged community criteria are allowed to utilize these definitions rather than conform only to a newly established federal approach.

While California has led the nation in the development of these approaches, it is important to note these processes still have the potential to leave out segments of communities that should be targeted for investment. Some members of our network recommend the inclusion of all application definitions for impacted populations, including rural or hard-to-reach communities, Tribal, communities of color, or disinvested workers.

Kinds of Technical or Financial Assistance

To ensure low-income and disadvantaged communities can participate and benefit from the program, CCEC encourages flexibility. Recommendations from our network include:

- Ensure technical and financial assistance goes beyond providing funds and allows for generational benefits i.e. developing the workforce and support community resilience

- Provide funding to environmentally focused disadvantaged and low-income communities to lead and conduct outreach, education, and training campaigns to plan and facilitate investments in their communities
- Facilitate flexible funding to support multiple complimentary activities that can have a greater impact on communities, including transportation, electrification, and urban greening improvements
- Up-front vs reimbursable funding - with a preference for up-front
- Inclusion of municipal and other assets that aren't inside a building, such as outdoor lighting, community pools, and similar assets

Some in our network are concerned about the unintended outcome of pairing two well-intended policy priorities in this program: 1) leveraging private capital alongside public investment and 2) targeting low income and disadvantaged communities. The program could inadvertently encourage lending among communities that are least able to afford rooftop solar and other emission reducing projects, and most adversely affected by incurring debt. As a State with experience offering various types of energy upgrade financing produces, and having limited uptake even among middle to higher income populations, some members of the CCEC network are skeptical that low-income and disadvantaged populations are the right target for even the most competitive loan products, thereby inhibiting the success of this exciting new program. Moving these communities toward emission reductions may be far more successful with energy advising and other forms of technical assistance, grants and incentives, subsidized direct install programs, and workforce development efforts. Financing plays an important role and can be made an option to cover remaining costs, and should be paired with credit enhancements that can reduce the interest rates and even the balance (buy down, loan loss reserve, rebates), as much as possible. CCEC recommends ensuring that proper safeguards are in place to avoid predatory lending and other financing practices that could cause unintentional harm to low-income communities.

Section 2: Program Design

CCEC network members, including The Energy Coalition, suggest the following best practices in program design to reduce burdens on applications, grantees, and/or subrecipients:

- Offer stipends to support application process for eligible applicants in disadvantaged communities
- Upfront payments in place of project reimbursements
- Reimbursement process allows for applicants to recoup 100% of their fully burdened costs
- Allow flexibility in the implementation scopes to allow for reasonable adjustments to the scope
- Avoid limitations/caps on direct cash infusion and specific expense categories

Other recommended practices include:

- Recurring and predictable dollar amounts

- Include core staffing and administrative costs as allowable costs.
- Avoid overly complicated applications or participation with too many technical, financial, and legal constraints or requirements (disallowed costs, overly prescriptive eligible activities, match, waiver of sovereign immunity, difficult invoicing or reporting processes).

CCEC recommends that the EPA consider the following CA programs when developing the Greenhouse Gas Reduction Fund

- Regional Energy Networks
- California Alternative Energy and Advanced Transportation Financing Authority's GoGreenFinancing program
- California Climate Investments

Section 3: Eligible Projects

CCEC has compiled the additional input from its network regarding eligible projects below:

- Consider a broad spectrum of climate strategies, including emissions avoidance, mitigation, and resilience efforts.
    - In June 2022, CCEC submitted comments to the California Air Resources Board on its Draft Scoping Plan, in which we highlight examples of the broad array of actions local agencies are uniquely capable of implementing to reduce emissions and build climate resilience across various sectors (see p. 2 of comments). If the EPA is open to being flexible with the types of projects it would be willing to invest in, these examples showcase the kinds of local initiatives that are in need of investment.
- Support projects that lead to long-term behavioral changes that can have a compounded effect in emissions and pollution reduction, while benefiting low-income and disadvantaged communities. This includes projects aimed at reducing waste, reducing vehicle miles traveled, and expanding green energy options.
- Allow for electrification of new and existing buildings
- Promote projects that develop resiliency at the local level, with a multiplier for low-income and disadvantaged communities, and encourage decentralized approaches to on-site electrification, electricity generation and storage, and customer energy self-consumption
- Consider projects that *test* strategies to generate revenue streams that can be reinvested into communities. For example, a PPA model.
- Allow for retro-fit ready activities to be included for low-income customers. Examples include roof replacement, asbestos and termite remediation, interconnection costs, and associated electrical work needed to make buildings EE and DER retrofit ready.

Section 4: Eligible Recipients

The CCEC network appreciates the inclusion of municipalities as an eligible direct recipient of grant funds. We suggest that all of the following organizations be made eligible to apply for and directly receive grants: cities, counties, special districts, regional municipal organizations, and local energy-focused consortiums like Regional Energy Networks (RENs), regional climate collaboratives, and Community Choice Aggregation (CCA) programs, as well as tribal jurisdictions, community-based organizations, and nonprofits. With the right guidelines, EPA's Greenhouse Gas Reduction Fund could empower the existing community leadership and organizational expertise already in place, including those representing underrepresented voices, by directing dollars towards regional technical assistance and service providers where possible, which already have the proximity, technical expertise, local knowledge, and relationships to best serve local needs.

To help potential recipients take advantage of this program, CCEC suggests EPA provide grant writing assistance and guidance before and during open solicitations. EPA could consider a model similar to CA Strategic Growth Council's Transformative Climate Communities grant, where interested applicants can complete a short survey to request technical assistance (TA) with the application. The TA can provide early feedback about the viability of a project idea. Other federal agencies, like the DOE, have considered drafting eligible project templates.

In conclusion, the State of California, local governments, and other community-serving organizations can serve as the EPA's best partners in achieving the emissions and equity goals outlined in the RFI and alleviating burdens and barriers impeding greater progress at the local level. Thank you for the opportunity to respond to the RFI and relay comments from our statewide network. We greatly appreciate your time in considering our comments and recommendations and welcome further discussion. We look forward to distributing information and resources resulting from the Greenhouse Gas Reduction Fund to our extensive network of California local governments and their partners, and would welcome EPA staff to appear at one of our monthly network meetings to share information about this program as it becomes available. Please do not hesitate to reach out to Angie Hacker at ahacker@civicwell.org if you have any questions.

Respectfully submitted by Angie Hacker, CCEC's Statewide Best Practices Coordinator, on behalf of the California Climate and Energy Collaborative (CCEC).