

**EPN Comments in Response to
EPA's Request for Information: Greenhouse Gas Reduction Fund**
Docket No. EPA-HQ-OA-2022-0859

We appreciate the opportunity for public comment on the Greenhouse Gas Reduction Fund (GGRF). In addition to the comments below, the Environmental Protection Network (EPN) is pleased to offer our ongoing support at any time that our volunteers can be of help in meeting the goals of the GGRF.

EPN builds the capacity of environmental agencies and the communities they serve in order to meet urgent public health and environmental challenges, including environmental justice, climate change, air and water pollution, toxic substances, hazardous waste, and more. EPN especially focuses on providing pro bono support to communities that are disproportionately impacted by toxic pollution as they strive to navigate government regulations, tools, data, and funding.

EPN deploys the expertise of more than 550 former U.S Environmental Protection Agency (EPA) staff who volunteer their unique perspectives as former regulators, permit issuers, and grant providers with decades of historical knowledge and subject matter expertise. EPN's professional staff and expert volunteers connect with local communities, NGOs, the media, and public officials throughout all of EPA's 10 Regions.

The GGRF represents an unprecedented opportunity for EPA and the communities it serves. The Inflation Reduction Act (IRA) charges EPA with distributing \$27 billion in new GGRF grants within the next two years, a sum that is more than double EPA's annual budget. The GGRF is intended to assist communities in reducing or avoiding greenhouse gas (GHG) emissions and other forms of air pollution.

Importantly, a minimum floor of \$15 billion of the GGRF grants must be targeted to provide financial assistance and technical assistance in "low-income and disadvantaged communities" and to enable those communities to deploy and benefit from projects and technologies that reduce or avoid greenhouse gas emissions and other forms of air pollution.

Together, the GGRF and the IRA's Environmental and Climate Justice Block Grants provide EPA with an unprecedented opportunity to level the playing field for communities that have been historically underserved.

EPN appreciates the enormous undertaking ahead of EPA to implement the GGRF. We have therefore focused our comments on the following three particularly notable challenges the agency faces:

- (1) Building the internal EPA infrastructure needed for successful GGRF implementation.
- (2) Building the external supporting infrastructure needed for successful GGRF implementation.
- (3) Building an effective, accountable, and durable program in the face of conflicting statutory timing pressures.

1. Building the internal EPA infrastructure needed for successful GGRF implementation.

The IRA provided EPA with \$30 million to manage a \$27 billion program through 2031, which equates to only about \$3 million annually. The funding for administration of the GGRF equals about one-tenth of one percent of the total GGRF. In comparison, other EPA programs funded by the IRA reserved more reasonable appropriations for the administration of funds: between two and five percent of the various programs.

The GGRF is one of a host of new grant making responsibilities for EPA contained in the IRA and the Bipartisan Infrastructure Bill. These added responsibilities come in the context of an EPA budget that has been steadily and deeply eroded over time by inflation and cuts to the agency's core staffing capabilities.

As EPA Administrator Michael Regan said at a congressional budget hearing earlier this year: "It's not a good idea to starve the agency when it comes to trying to protect the public health."

EPN therefore strongly supports the Biden administration's FY 2023 request to Congress for increased funding for EPA, and we encourage the White House and the agency to continue to make the case to appropriators for the resources needed to do the job. EPA should not be put in a position of having to siphon resources from enforcement, rulemaking, and other core public health responsibilities in order to adequately oversee the GGRF.

2. Building the external supporting infrastructure needed for successful GGRF implementation.

The GGRF is a program unlike any existing EPA program, and the supporting ecosystem is not yet in place for the GGRF to thrive.

The GGRF will work best when grants are issued into a supportive external ecosystem that:

- Leverages grant money to amplify and multiply the GGRF's positive impacts on public health, environmental justice, and GHG reductions;

- Ensures that low-income and disadvantaged communities have the resources, tools, and technical support to access, utilize, and manage the funds effectively;
- Ensures fiscally sound and accountable use of all government funds;
- Builds a workforce with good-paying jobs reducing pollution in low-income and disadvantaged communities; and
- Encourages robust stakeholder engagement and input.

We are encouraged that EPA has already taken note of the importance of deploying GGRF funds in a way that builds the necessary supportive ecosystem, per EPA’s public comments at the November 30, 2022, White House Environmental Justice Advisory Council (WHEJAC) meeting.

We encourage EPA to focus on the needs of low-income and disadvantaged communities, which often do not have sufficient resources to fully engage in federal rulemaking, grant applications, and grant management.

Importantly, the GGRF is more than a “Green Bank,” as some view it. The IRA specifically guides EPA to offer “technical assistance” grants to support low-income and disadvantaged communities (Clean Air Act sec. 134(a)(1) and 134(a)(3)). Further, the IRA defines qualifying projects as a project that “assists communities in the efforts of those communities to reduce or avoid greenhouse gas emissions and other forms of air pollution” (Clean Air Act sec. 134(c)(3)(B)).

3. Building an effective, accountable, and durable program in the face of conflicting statutory timing pressures.

EPA faces a difficult challenge in terms of the statutorily mandated timeline for the GGRF. In particular, the IRA includes two deadlines: a 180-day deadline to begin issuing competitive grants (that will be reached in mid-February 2023) and a September 2024 deadline for EPA to disburse \$27 billion in grants.

The tight timeline for GGRF is especially challenging given the IRA’s important directive of providing the GGRF’s benefits largely to low-income and disadvantaged communities. This requires focusing on areas that may not have received prior funding from EPA.

The GGRF seeks to remedy the legacy of underinvestment in communities facing a legacy of cumulative toxic pollution. It will take new systems and approaches to effectively reach the communities that have not been fully served in the past. As noted previously, the supportive infrastructure is not yet in place to move grants to areas that have not historically received them.

It may be useful to draw a contrast to the 2009 American Recovery and Reinvestment Act, which focused on funding “shovel-ready” projects in order to move money quickly into the economy. “Shovel-ready” was shorthand for putting money into existing structures with demonstrated capacity and systems to absorb money quickly.

The IRA, however, is not intended to be a stimulus to infuse cash into the economy in the short term. The GGRF objectives are in fact focused on longer-term outcomes. Rather than pushing resources into existing programs with a proven track record, the IRA directs EPA to create an entirely new program focused on delivering grants to communities that have been historically bypassed by public and private financing.

We therefore encourage EPA to avoid the temptation to adopt a rushed, “shovel-ready” approach due to the statutory deadlines.

Fortunately, the IRA provides flexibility to EPA that softens the GGRF timeline and is more consistent with the goals of the Act to move money to historically underserved areas. The IRA does not mandate that EPA have a comprehensive implementation plan completed in the first 180 days, nor that all the funding flow in all directions starting in February. Rather, the act encourages EPA to “begin” grantmaking within 180 days.

Further, EPA does not have to ensure all money is fully invested in eligible projects by September 2024. The GGRF is envisioned as a multi-year program, funded through 2031 in terms of EPA implementation. The program does not grind to a halt in September 2024.

Rather, EPA must grant the money within two years to intermediary entities, such as states, Tribes, municipalities, NGOs, and financial entities defined in the IRA. Those entities can administer the loans and further grants, with oversight from EPA, well into the future. In fact, the IRA envisions “continued operability” of the GGRF as the initial grants are directed into loans that recycle interest and repayments back to additional projects.

We recommend that EPA pursue a staged, iterative approach to grant-making and the timelines in the act. EPA can focus first and foremost on what is needed to issue grants within the 180-day deadline that help seed and build the external supportive ecosystem with technical assistance grants and other support.

EPA can then work on the tasks of designing the appropriate guidelines and systems aimed more directly to support finance of projects that reduce GHG emissions and other air pollution.

A phased approach would also allow for ongoing input from communities and other stakeholders. This would help accommodate, for example, the request at the WHEJAC meeting for more time to

engage with EPA. EPA will benefit from input from informed community voices throughout the GGRF program.

A phased approach would also allow for grants to NGOs, philanthropic foundations, and community organizations with a history of supporting disadvantaged and environmentally overburdened communities.

We appreciate and support the urgency with which EPA is pursuing implementation of the GGRF. But urgency should not obscure the ultimate outcomes that EPA can achieve through this historic opportunity. The GGRF will ultimately be measured not on how fast it got up and running but on its lasting impact on community health and the environment.