

Your Guide to the Greenhouse Gas Reduction Fund



About PVG

PVG is the only full-service strategy consulting firm that exclusively advises ventures advancing the health of our climate and our social compact. We help companies and organizations define the execution path for world-changing ideas,

bring those ideas to market and make them attractive to investors. We measure our success by the market traction and revenue growth of our clients, the capital they secure and the positive impact they have on the lives of real people in real time.



We make
impact
investable.

About This Report

On April 19th, the EPA released their implementation framework for the Greenhouse Gas Reduction Fund (GGRF). The framework intends to provide guidance for interested parties to prepare for their applications prior to the formal release of the Notice of Funding Opportunities (NOFO), expected in June 2023.

We wrote this guide in an effort to provide a simplified overview of how these funds

could help different organizations and businesses achieve their goals. We hope it will be helpful for anyone considering an application for funding or considering working with an applicant in the future.

This guide is based on the guidance provided on April 19th, which is subject to change following EPA's review of comments and the final release of the Notice of Funding Opportunities.

This guide should not be considered consultation or legal advice on how to access federal funding, nor should it replace a thorough analysis of the guidance provided by EPA if you choose to apply.

If you are interested in specific guidance from our team, please contact us at **hello@purposeventure.co**.

GGRF at a Glance

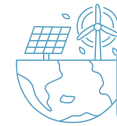
The EPA has established three distinct funding opportunities within the Greenhouse Gas Reduction Fund ("GGRF"). Interested parties can apply for funding through one, two or all three opportunities. The three opportunities are:

National Clean Investment Fund

What it does: Intended to spur private sector investment and catalyze tens of thousands of greenhouse gas (GHG) reducing projects across three priority categories: distributed power generation and storage, decarbonization of existing buildings and reduction of transportation pollution. Applicants are not tied to these priorities and may choose to focus on additional or alternative project categories.

Who can apply: Nonprofits, either as a standalone or as a lead within a coalition of organizations, all of which must meet the [sub-award criteria](#). If applying as part of a coalition, you can apply multiple times.

How it will work: 2-3 nonprofits will be awarded and will partner with private capital providers to offer financial products (not grants) to businesses, communities and private lenders.



\$14 BILLION

Solar for All

What it does: Aimed at financing new and existing residential and community solar projects, storage and infrastructure upgrades and workforce development programs in low-income disadvantaged communities (LIDCs).

Who can apply: States, Tribes, municipalities and nonprofits, either as a standalone or as a lead within a coalition of organizations.

How it will work: The EPA will make 60 awards that will be used to provide financial and technical assistance to solar projects and programs in LIDCs through sub-grants, rebates, subsidies or loans.



\$7 BILLION

Clean Communities Investment Accelerator

What it does: Intended to build the financing capacity of public, quasi-public and nonprofit community lenders in LIDCs to ensure that small businesses, schools and community groups have access to financing.

Who can apply: Nonprofits, either as a standalone or as a lead within a coalition of organizations, all of which must meet the [sub-award criteria](#). If applying as part of a coalition, you can apply multiple times.

How it will work: 2-7 nonprofits will act as hubs, providing indirect funding to community lenders (e.g., CDFIs, credit unions, green banks, housing finance agencies) who will, in turn, support qualified clean technology projects.



\$6 BILLION

GGRF Program Plan Requirements

The EPA will require applicants for any of the three competitions to submit a program plan; below is an overview of what each competition requires.

Program	Vision for Deploying and Redeploying Funds	Administration Plan	Linkages Plan	Investment Plan
National Clean Investment Fund				
Solar for All				
Clean Communities Investment Accelerator				

Definitions

Vision for Deploying and Redeploying Funds
Details plans to achieve the GGRF program objectives, which may include quantitative emissions, financial or sector-specific targets.

Administration Plan
Describes how the applicant will administer the overall grant or financing program, including plans for: budgeting and reporting, fiscal stewardship, equity accountability, meaningful community benefits, labor / workforce and overall program reporting.

Linkages Plan
Demonstrates how the applicant will leverage existing non-governmental and federal, state and local government programs and subsidies to support their program's plans and avoid the duplication of effort.

Investment Plan
Details plans for outreach and accessibility, labor / workforce and partnerships. The National Clean Investment Fund requires an investment portfolio strategy and the Clean Communities Investment Accelerator requires a community lender strategy; see appendix for additional details on these requirements.



The National Clean Investment Fund

\$14 BILLION
for National Nonprofits

The awarded nonprofits will use GGRF funds to deploy financial products, leverage enhancements and provide assistance for qualified projects like renewable energy generation, advancing the decarbonization of buildings and other solutions to major emissions sources.



What types of projects will be prioritized?

- Distributed power generation and storage
- Decarbonization of existing buildings
- Reduction of transportation pollution
- Applicants may choose to focus on additional or alternative project categories

What will help an application?

- Detail the community benefits your program expects to create with the awarded funds
- Describe your organization's plan to report climate impacts, equity and community benefits and impacts on market transformation

What are nonprofit recipients required to do with the funds?

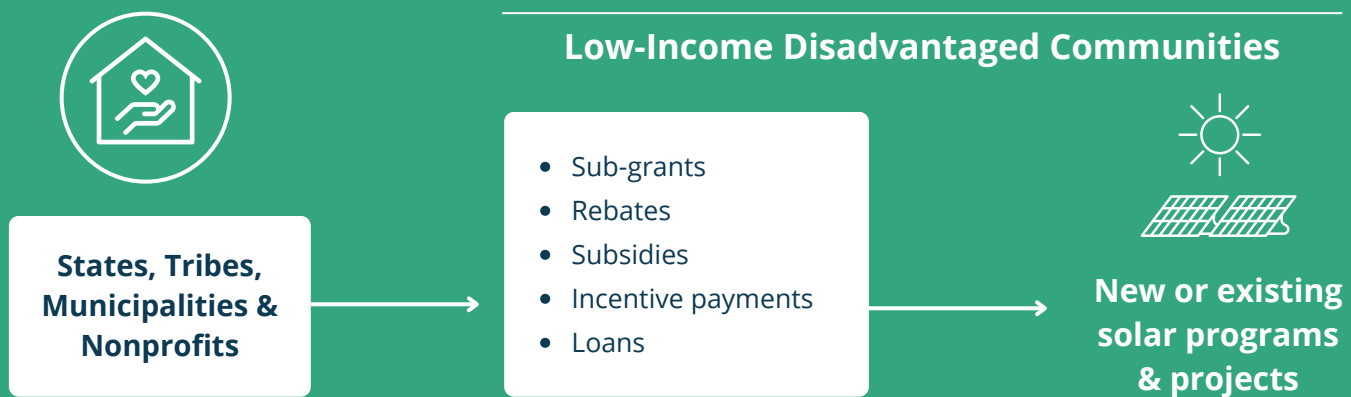
- Nonprofits will partner with private lenders to deliver financing at scale for businesses, communities and community lenders (e.g., CDFIs) through products like those listed above (financial products are expected to have substantially better-than-market interest rates)
- A limited amount of funds may be used for predevelopment expenditures, such as site assessments, financial feasibility studies and other related activities
- At least 40% of the overall benefits across the \$14 billion program must benefit LIDCs, as aligned with the Justice40 initiative; projects must also meet prevailing wage requirements
- These funds can only be used for financial assistance; the EPA does not expect to consider grants as a financial product



Solar for All

\$7 BILLION
for States, Tribes & Nonprofits

Aimed at deploying residential and community solar, storage, pre-development upgrades and workforce development programs in low-income disadvantaged communities (LIDCs).



Who will receive the awards?

- There will be 60 awards to states, Tribes, municipalities and eligible nonprofits with at least one award per state and territory
- In a separate funding track, there will be approximately 1-3 awards to directly serve Tribal nations

How will the EPA determine each award's size?

- Program need, design and vision, including geographic factors and reach of the program across LIDC populations
- Merit-based factors including (but not limited to): reduction in GHG intensity of the grid and impact to average low-income energy burden
- Cost-effectiveness and strategy to leverage existing programs and subsidies

What type of projects can the funds be used for?

- Residential rooftop and ground-mounted solar PV that support individual households, master-metered facilities and/or common areas in multifamily buildings
- Community solar PV or a solar power purchasing program in which the benefits of a solar project flow to multiple residential customers
- Associated storage infrastructure to store solar-generated power
- Pre-development upgrades to building infrastructure that enable solar deployment, such as, electrical panel upgrades, roof repairs and individual household access to the internet for system monitoring purposes



Clean Communities Investment Accelerator

\$6 BILLION
for Hub Nonprofits

Aimed at ensuring that small businesses, schools and community institutions in LIDCs have access to financing for cost-saving and pollution-reducing clean technology projects.



Small Businesses



Schools



Community Groups

2-7 Nonprofits awarded

Community Lenders

What is a Community Lender?

- A public, quasi-public, not-for-profit or nonprofit entity (e.g., CDFIs, credit unions, green banks, housing finance agencies, minority depository institutions)
- Must have the legal authority to provide financial assistance to qualified projects at the state, local, territorial, or Tribal level or in the District of Columbia

How will community lenders receive funds?

- Capitalization funding, capped at \$5 million per community lender
- Technical assistance awards, capped at 12.5% of the community lender's capitalization funding
- Community lenders will also have access to additional capital from grantees of the \$14 billion National Clean Investment Fund

What are nonprofit recipients required to do with the funds?

- Community lenders must support projects within these three categories: distributed power generation and storage, decarbonization of existing buildings and reduction of transportation pollution
- 95% of the grant funds should be passed through directly to community lenders in order to strengthen the balance sheets of community lenders; technical assistance awards do not count toward the 95% requirement
- Additionally, the nonprofits should use a portion of their administration costs to provide capacity-building services to strengthen existing community lenders and encourage the creation of new lenders

Appendix

Additional Guidance from the EPA

Three priority project categories:

- **Distributed power generation and storage**, including projects, technologies or activities that generate and/or store zero-emissions power near to the point of use, instead of in centralized plants
- **Decarbonization retrofits of existing buildings**, including retrofitting an existing building to reduce or eliminate GHG emissions and air pollution
- **Transportation pollution reduction**, including projects, technologies or activities that support zero-emissions transportation modes—especially in communities that are overburdened by existing diesel pollution, particulate matter concentration, and degraded air quality
- Applicants have flexibility to support other types of project and/or not support any of the priority project categories above

Across the National Clean Investment Fund and the Clean Communities Investment Accelerator, EPA expects that “qualified projects” will be required to meet certain criteria:

- The proposed project will reduce GHG emissions in line with the U.S. Nationally Determined Contribution and Executive Order 14008, while also reducing emissions of other air pollutants; specific portfolio-wide emissions targets may be set in the NOFO and plans that equitably achieve the deepest emissions targets may be prioritized
- The proposed project will deliver benefits to American communities by alleviating two or more of the following categories of burdens, as defined in the Methodology section of the Climate and Economic Justice Screening Tool (CEJST): climate change, energy, health, housing, legacy pollution, transportation, water and wastewater and workforce development
- Investment of awarded funds in the proposed project will finance deployment that may not have otherwise been financed
- Investment of awarded funds in the proposed project will spur private sector investment
- The proposed project is already commercially available. Funds will not be used to support R&D or pre-commercial technologies

EPA did not provide specificity on who qualifies as an “eligible recipient.” However, based on the statutory language, EPA noted that an eligible recipient must:

- Meet the legal definition of a nonprofit organization
- Be “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”
- Not receive any “deposits” (as defined in Section 3(l) of the Federal Deposit Insurance Act) or “member account” or “account” (as defined in Section 101 of the Federal Credit Union Act)
- Be funded by public or charitable contributions
- Have the legal authority to invest in or finance projects

Justice40 and Tribes:

- Each program within the GGRF will be subject to Justice40 requirements, ensuring that at least 40 percent of overall program benefits will flow to LIDCs
- National Clean Investment Fund applicants will be assessed on their plans to reach Tribal communities
- Clean Communities Investment Accelerator applicants will be assessed on their plans to invest in financial institutions serving Tribal Nations

Build America, Buy America (BABA)

- Any public infrastructure project that receives funding through the GGRF is subject to BABA requirements, which stipulate that any iron, steel, manufactured products and construction materials are produced in the United States
- Not all projects funded with GGRF dollars will be considered public infrastructure. The agency plans to issue guidance on what qualifies as public infrastructure and the process for securing project- and product-specific BABA waivers

Labor Requirements

- GGRF-supported projects and construction activities are subject to Davis-Bacon prevailing wage requirements, where applicable. The agency plans to issue guidance on these requirements

Specific application requirements for each funding opportunity:

- **National Clean Investment Fund**
 - A three-year indirect investment strategy that includes:
 - An investment portfolio strategy, including plans to provide financial products to community lenders in order to “deliver a pipeline of qualified projects and deploy capital at-scale”, a climate and environmental plan, an equity and community benefits plan and a market transformation plan
 - Investment policies and a financial model for projected financial performance
 - Plans for labor / workforce and partnerships
 - Organizational plan that includes:
 - A description of the business
 - Organizational and governing documents
 - A management plan
 - A governance plan
 - An equity accountability plan
 - A legal and compliance risk management plan
 - A financial risk management plan
 - A consumer financial protection compliance plan
 - Financial statements from the past three years
 - Financial projections for the next three years

- **Solar for All**
 - A program services plan that describes how the applicant will support market actors (e.g., developers, contractors, communities, building owners) to adopt and deploy residential rooftop solar, community solar, associated storage and enabling upgrades
 - **Clean Communities Investment Accelerator**
 - A three-year indirect investment strategy that includes:
 - A community lender strategy, which may include a climate and environmental plan, an equity and community benefits plan and a market transformation plan
 - Plans for capitalization funding and technical assistance sub-awards and services plan
 - Plans for outreach and accessibility, labor / workforce and partnerships
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Resources

- [EPA guidance on GGRE](#)
- [About the GGRE](#)
- [Stakeholder Engagement Opportunities and Past Public Listening Sessions](#)