

**Business Council for Sustainable Energy Comments in Response
to the Environmental Protection Agency Request for Information on the Design
and Implementation of the Greenhouse Gas Reduction Fund**

December 5, 2022

The Business Council for Sustainable Energy (BCSE) appreciates the opportunity to comment on the U.S. Environmental Protection Agency's (EPA) Request for Information (RFI) regarding the design and implementation of the Greenhouse Gas (GHG) Reduction Fund, via Docket No. EPA-HQ-OA-2022-0859.

Established by the Inflation Reduction Act (IRA), the GHG Reduction Fund provides competitive funding for financial and technical assistance to enable zero-emission technologies and projects that reduce or avoid greenhouse gas emissions and other air pollution, including in low-income and disadvantaged communities. Congress has appropriated \$27 billion in FY 2022 to implement this new program. These funds are available to EPA to award grants until September 30, 2024.

BCSE commends Congress and the Biden Administration for enactment of IRA and supports its significant funding for grants to low-income and disadvantaged communities to reduce emissions, improve air quality, and enhance the affordability and resilience of their energy equipment, products, and services.

In this submission, BCSE provides general views in response to several of the RFI questions. For more detailed responses to the questions, BCSE would like to acknowledge the submissions made by the Alliance to Save Energy, the American Gas Association, the North American Insulation Manufacturers Association (NAIMA), and the Polyisocyanurate Insulation Manufacturers Association (PIMA), among others. BCSE encourages the thoughtful consideration of the issues and recommendations included in these submissions.

About BCSE

BCSE, founded in 1992, is a clean energy trade association spanning a broad spectrum of industry sectors, including energy efficiency, energy storage, natural gas, renewable energy, sustainable transportation, and emerging decarbonization technologies. BCSE also has an independent small- and medium-size businesses initiative under its banner, the Clean Energy Business Network (CEBN). Together, BCSE and CEBN represent the full range of the clean energy economy, from Fortune 100 companies to small businesses working in all 50 states supporting over 3 million U.S. jobs.

General Views on the Design and Implementation of the GHG Reduction Fund

Related to design and implementation of the GHG Reduction Fund, BCSE offers the following perspectives. Of note, as a diverse coalition, not all members take a position or endorse the recommendations included in this submission.

Support a Broad Range of Eligible Entities to Receive Grants

Section 60103 of Inflation Reduction Act of 2022 (IRA) added a new section, section 134, to the Clean Air Act, 42 U.S.C. § 7434, to establish the GHG Reduction Fund grant program.

Section 134(a)(1) makes available \$7 billion to EPA to make competitive grants to states, municipalities, tribal governments, and eligible recipients to provide subgrants, loans, or other forms of financial assistance as well as technical assistance to enable low-income and disadvantaged communities to deploy or benefit from zero-emission technologies, including distributed technologies on residential rooftops, and to carry out other GHG emission reduction activities.

Section 134(a)(2) makes available \$11.97 billion to EPA to make competitive grants to eligible recipients for the provision of financial and technical assistance to projects that reduce or avoid greenhouse gas emissions and other forms of air pollution.

Section 134(a)(3) makes available \$8 billion to EPA to make competitive grants to eligible recipients for the provision of financial and technical assistance to projects that reduce or avoid greenhouse gas emissions and other forms of air pollution in low-income and disadvantaged communities.

In each of these sections, BCSE recommends that EPA adopt a broad and flexible definition – and one that takes into account equity and a just energy transition – when it considers the types of eligible recipients for program funds. This will better ensure that the funding supports wealth creation and jobs in these communities. If a program aims to place capital inside low-income and disadvantaged communities, the program must also focus on the organizations that receive funds for investment and identify whether those organizations are sufficiently tied to the targeted communities they propose to serve.

One model under consideration is proposing that all or a substantial portion of the program funds go to a single entity or group of entities as a master-structure. The single entity or group would then be responsible for distributing or awarding funds to other organizations. BCSE does not support the master-entity structure, as it may be less able to deliver impact related to equity objectives and outcomes.

Enable a Wide Range of Project Categories to be Eligible for Grant Funding

BCSE recommends that EPA adopt an inclusive and flexible definition of the project types that can receive grant funding under the “other GHG reduction activities” and the “other forms of air pollution” categories. This approach is critical to ensuring communities can fully assess their distinct needs and

develop projects best suited to address these needs. This method also allows for new technologies and innovative project types to be considered overtime as the program is implemented.

Add “Reducing Energy Burden” to List of Prioritized Project Goals

BCSE notes the project goals outlined by EPA in the design of the GHG Reduction Fund:

- a. Maximize greenhouse gas emission and air pollution reductions;
- b. Deliver benefits to low-income and disadvantaged communities;
- c. Enable investment in projects that would otherwise lack access to capital or financing;
- d. Recycle repayments and other revenue received from financial assistance provided using the grant funds to ensure continued operability; and
- e. Facilitate increased private sector investment.¹

BCSE supports these goals and would also urge the addition of “reducing energy burden” to be prioritized when assessing GHG Reduction Fund projects.

Energy Efficiency and Energy Efficiency-Linked Projects

EPA should consider the significant and multiple benefits of energy efficiency investments – as well as projects that directly link with energy efficiency investments – toward achieving the goals of the program.

EPA should prioritize building envelope improvement projects, including insulation, windows, and doors. According to the administration, “50% of U.S. homes currently have outdated and inadequate insulation – [and] retrofitting older homes in cold climates can reduce building energy use by more than 50%.”²

Additionally, BCSE recommends a fuel-neutral approach related to equipment types, allowing community developers and residents to identify solutions that achieve the highest GHG reductions while also ensuring energy savings and energy burden reductions. Specifically, gas heat pumps as well as electric heat pumps should be explicitly identified as “qualified projects” that should be prioritized. Further, GHG Reduction Fund projects should also be able to provide grants that offset the up-front capital and installation costs in whole or in part for retrofitting existing homes and constructing new homes to take advantage of gas and electric heat pumps, as well as other GHG reduction and air quality improvement measures.

Biogas and Renewable Natural Gas Projects

Biogas and renewable natural gas (RNG) technologies and projects should be considered as they provide opportunities to achieve the goals listed above and can offer significant co-benefits to low-

¹ EPA GHG Reduction Fund RFI, §3 Eligible Projects, Question 1.

² Request for Information (RFI) on Defense Production Act.

income and disadvantaged communities. These projects capture methane that would otherwise contribute to GHG emissions from municipal landfills, sewage and wastewater treatment facilities, food waste, and rural farm manure management and are fully demonstrated by project implemented under EPA's methane reduction partnerships.³

Communities near sewage treatment plants, municipal landfills, and manure lagoons are typically low-income and disadvantaged, and their residents' quality of life and community vitality can be harmed by the pungent odors that can emanate from these facilities, absent controls. Anaerobic digestion units and gas clean-up equipment at sewage treatment plants and manure lagoons help eliminate these odors, as do methane collection and treatment equipment at municipal landfills.

In Nashville, Tennessee for example, the community abutting the municipal wastewater treatment facility was relieved by the elimination of odors from the plant, leading to a revitalization of the community's businesses and residential areas. Rural communities burdened by odors from manure at pig and chicken farms benefit from the installation of anaerobic digestion and gas clean up equipment to capture emissions and process the manure into net-zero RNG and solid organic fertilizers.

RNG and biogas projects also benefit the sewage treatment plants, farms, and landfills where they are installed by turning a waste into a beneficial, valuable, net-zero GHG fuel. Farms and wastewater treatment plants also benefit from the production and use or sale of organic fertilizers from the residual solids derived from the gas clean-up process.

The GHG Reduction Fund also seeks to prioritize projects that would otherwise lack access to capital or financing. While there are subsidies available for RNG used as a vehicle fuel through EPA's renewable fuels standard (RFS) program and an analogous program in California, subsidies are not available for projects that will produce RNG for other applications, such as to inject the RNG into the local natural gas distribution infrastructure to provide reliable, affordable gas service to industrial, commercial, or residential customers using net-zero GHG fuel.

Gas Distribution Pipe Replacement for Municipal Gas Utilities – GHG Reductions & Hydrogen Readiness

BCSE also recommends EPA include gas pipe replacement as a category of qualified project for the GHG Reduction Fund program. EPA's Gas STAR program and Methane Challenge program have long promoted the replacement or upgrading of more leak-prone pipe such as cast iron, vintage plastic, and unprotected steel distribution pipe with new low- to zero-emitting materials such as polyethylene (PE) plastic or cathodically protected steel pipe.⁴ These projects help improve energy delivery safety and reliability for the communities they serve, while also reducing methane emissions.

³ See: 1) www.epa.gov/lmop, [Landfill Methane Outreach Program \(LMOP\) | US EPA](#), 2) www.epa.gov/agstar, EPA AgSTAR: Biogas Recovery in the Agriculture Sector, 3) www.rngcoalition.com/news, [Renewable Natural Gas News & Clean Energy Investments — The Coalition For Renewable Natural Gas \(rngcoalition.com\)](#), and 4) www.americanbiogascouncil/resources/biogas-projects, [Biogas Projects | American Biogas Council](#).

⁴ See <https://www.epa.gov/natural-gas-star-program> and [Methane Challenge Program | US EPA](#).

In addition, these projects can help enable the gas distribution system to be ready to transport hydrogen blended into system throughout. As hydrogen percentages increase, this will increasingly decarbonize the gas delivered to customers, helping them to reduce overall emissions to achieve the nation's net zero goals.

Overall, BCSE believes that allowing for a broad range of project activities, and allowing new project activities to be considered overtime, is key to achieving these objectives.

Prioritize Projects that Leverage Public and Private Sector Resources

The GHG Reduction Fund provides an unprecedented opportunity to invest in emission reduction and air quality improvement projects at the community level. For these federal investments to have their greatest impact, EPA should prioritize project applications that show significant leverage of public and private resources. This is especially important for low-income and disadvantaged communities, in which access to capital is challenging.

As such, direct and indirect awardees should be incentivized to leverage, stack, grow, and recycle received capital. The Infrastructure Investment Jobs Act (IIJA) and the IRA provide multiple resources that can be used in tandem with GHG Reduction Fund capital. For example, GHG Reduction Fund projects could be combined with IIJA grant funds, federal tax credits extended under IRA, energy service company projects, and utility programs, as well as state energy related funding opportunities, among other resources.

Thank you for the opportunity to share BCSE's views on this RFI. Should you wish to discuss these comments further, please contact BCSE President Lisa Jacobson via email at ljacobson@bcse.org.