



Environmental Council of the States

1250 H Street NW, Suite 850 | Washington, DC 20005
(202) 266-4920 | www.ecos.org

December 5, 2022

U.S. Environmental Protection Agency
EPA Docket Center
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Via Regulations.gov Docket ID No. EPA-HQ-OA-2022-0859

Re: Request for Information on the Greenhouse Gas Reduction Fund

Dear Administrator Regan:

The Environmental Council of the States (ECOS) appreciates the opportunity to provide input on the design and implementation of the \$27 billion Greenhouse Gas Reduction Fund (GHGRF) authorized under the Inflation Reduction Act of 2022 (IRA). ECOS is the national, non-partisan, non-profit association of state and territorial environmental agency leaders.

As co-regulators with EPA, states and territories have an important role in ensuring that these funds reduce emissions and produce lasting benefits for our communities. ECOS offers the following suggestions based on states' decades of direct experience implementing environmental protection programs. Our input includes general comments followed by feedback on the specific sections of EPA's Request for Information.

General Comments

1. ECOS requests ongoing consultation and coordination with state and territorial co-regulators related to the development and implementation of the GHGRF and funded projects. States have local relationships and deep expertise that can facilitate efficient delivery of funds and technical assistance. State environmental agencies may also need to approve of or be involved in projects that trigger permitting requirements or a need to track emissions or have other impacts on the state. Further, it will be advantageous to encourage alignment between GHGRF-funded projects and state climate plans developed with support from the IRA. ECOS encourages EPA to facilitate these connections and establish advisory opportunities with states and regional offices to inform the governance of funding allocations over the \$20B for eligible nonprofit entities.
2. ECOS recommends that EPA establish regular interagency coordination to ensure that other federal entities (e.g. US Department of Transportation, U.S. Department of Housing and Urban Development, U.S. Department of Energy, and U.S. Department of the Interior) are harmonized to ensure the successful allocation of funding without duplication of efforts.
3. EPA and the White House Council on Environmental Quality should consider and seek comment on the applicability of the National Environmental Policy Act throughout the implementation of IRA as it relates to the types of federal activities and the governmental and nongovernmental status of recipients of funding and support.

Myra Reece
South Carolina Department of
Health and Environmental Control
ECOS President

Chuck Carr Brown
Louisiana Department of
Environmental Quality
ECOS Vice President

Liesl Eichler Clark
Michigan Department of
Environment, Great Lakes, and Energy
ECOS Secretary-Treasurer

Todd Parfitt
Wyoming Department of
Environmental Quality
ECOS Past President

Ben Grumbles
ECOS Executive Director

4. ECOS encourages EPA to maximize opportunities to leverage private capital with public funding with transparency and other accountability safeguards. EPA should fund organizations within states that are structured to facilitate public-private financing partnerships to increase leverage of the funds and should do so in communication and coordination with the states.

Section 1: Low-Income and Disadvantaged Communities

1. EPA should continue to support states in developing and leveraging their own state mapping tools to yield a more comprehensive and finer scale look at community needs. Moreover, these mapping tools should be used as a starting point to identify and define disadvantaged communities according to the state. They should not substitute for meaningful community engagement and understanding. ECOS recommends continued clarification and enhancement of the White House Climate and Economic Justice Screening Tool (CEJST) and EPA's EJScreen to help states and other entities identify low-income and disadvantaged communities.
2. ECOS asks EPA to consider aligning definitions for low-income and disadvantaged communities with those used by other federal, state programs and local governments. The water state revolving funds (SRFs) may provide a useful model for collaboratively clarifying the criteria for determining low-income and disadvantaged communities in the unique context of individual states.

Section 2: Program Design

1. The scale and tight timelines of the GHGRF demand programmatic flexibility and simplicity. EPA should maximize the use of existing state funding mechanisms to deliver funding as quickly and efficiently as possible. EPA should consider the use of Multi-Purpose Grants as a funding mechanism that provides flexibility, greater opportunity for innovation, and minimal matching requirements. EPA should also ensure that application forms, processes, and matching requirements are not overly burdensome. Too much complexity will prevent money from reaching smaller disadvantaged entities.
2. ECOS requests that EPA research and consider a range of options for the design and structure of the GHGRF program. If the Agency uses the dollars in the GHGRF to capitalize a national green bank, a primary purpose should be to leverage larger amounts of private capital than could be done solely on a state by state basis. However, ECOS requests that EPA give careful consideration to the ways in which a national green bank can most productively coexist with established green banks at the state and local level. EPA should seek to supplement and enhance rather than preempt services provided by existing green banks.
3. EPA should consider opportunities to use the network of Environmental Finance Centers to support state and local implementation of the GHGRF, perhaps as a pathway to establish regional green bank hubs.
4. EPA should seek advice from established state and local green banks who have experience designing and implementing similar programs. ECOS and many of its member states would welcome opportunities to partner with EPA to make those connections and get answers to the many detailed questions in the RFI.

5. EPA should consider ways to ensure that funded projects are sustainable and that emissions reductions are permanent rather than temporary. Capital investment without sustained operations and maintenance funding may create certain projects that produce only short-term benefits. EPA may wish to consider opportunities to encourage the use of recycled loan payments to fund ongoing operations and maintenance.

Section 3: Eligible Projects

1. ECOS encourages EPA to embrace an all-of-the-above approach to reducing greenhouse gas emissions through the GHGRF and to work with states to achieve transparency around the fund's definition of "zero emission" projects or projects that directly reduce GHG emissions. EPA should allow states flexibility to determine the best way to achieve emissions reductions for their particular circumstances. GHGRF funds can help states fill critical financing gaps that may be unique to each state. The program should provide states with the flexibility to find and fill financing gaps in their communities. EPA should retain needed flexibility for states and localities to pursue projects that help communities recover and rebuild in better ways following natural disasters and emergencies with cleaner technologies and integrated, sustainable systems.
2. ECOS emphasizes the importance of maximizing the flexibility and longevity of funds to be used, in concert with other federal and nongovernmental funds, for technical assistance, community education and engagement, and training for grant recipients. This support will be crucial to ensure successful scoping, development, administration, and sustainment of funded projects.

Section 4: Eligible Recipients

ECOS requests EPA to allow states the flexibility to determine the most appropriate state entities to receive and distribute funds under the GHGRF.

Section 5: Oversight and Reporting

ECOS recommends that EPA work with states to develop metrics and a public interface to promote transparency and accountability around the GHGRF program and funded projects. Such an interface could provide access to information including funding recipients, projects proposed, funds distributed, benchmarks, outcomes, and elapsed time for funding to reach communities. These metrics should be informed by regular reporting requirements that do not overly burden states and grant recipients.

ECOS appreciates the opportunity for states and territories to engage with EPA on this important work. Thank you for your consideration of our comments and your ongoing partnership.

Sincerely,



Ben Grumbles
ECOS Executive Director