Connecticut Department of
ENERGY &
ENVIRONMENTAL
PROTECTION

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December 5, 2022

Michael S. Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20004

Re: Request for Information, Greenhouse Gas Reduction Fund – Docket ID No. EPA-HQ-OA-2022-0859

Dear Administrator Regan:

The Connecticut Department of Energy & Environmental Protection (CT DEEP) is pleased to submit these comments to the U.S. Environmental Protection Agency (EPA) in response to EPA's Request for Information for the Greenhouse Gas Reduction Fund (GHGRF RFI) pursuant to Section 60103 of Public Law 117-169, 136 Stat. 1818 (the Inflation Reduction Act, or IRA). In addition to joining a multi-state comment submission, CT DEEP offers these additional comments to provide input on key GHGRF implementation issues and considerations.

The State of Connecticut has long been a leader in innovative approaches to greenhouse gas (GHG) mitigation. In 2008, the State enacted the Global Warming Solutions Act, which establishes targets of 80% reduction in GHG emissions economy-wide by 2050 and a 45% reduction by 2030. In 2011, Connecticut established the nation's first state-level green bank, the Connecticut Green Bank, capitalized by a dedicated revenue stream from electric ratepayers; CT DEEP has representation on the CT Green Bank Board and coordinates closely with the CT Green Bank in the implementation of renewable and energy efficiency programs. In that same year, the State reorganized the state's energy and environmental agencies by merging the state energy office and public utility commission with the state's environmental and natural resource agencies. These comments reflect CT DEEP's experience over the past decade of implementing public financing programs; overseeing the state's utility-administered energy efficiency programs; advancing community solar and other renewable programs for underserved communities; implementing regulatory and incentive programs, such as air quality programs, for which GHG reduction is an important co-benefit; engaging on policy and program design for financing tools to accelerate decarbonization; and implementing the state's environmental justice program.

CT DEEP has responded to a few of the GHGRF RFI sections below.

Section 2 & 3: Program Design and Eligible Projects

CT DEEP encourages EPA to preserve as much flexibility as possible in the measures eligible for GHGRF funding. Collectively, the IRA and the Bipartisan Infrastructure Law have authorized an unprecedented amount of federal funding for GHG reduction activities, across an enormous breadth of programs. Section 134(a)(1) funding is unique among these authorizations, as a new source of funding, considerable in size, that allows for a broad range of eligible measures and recipients, and a specific focus on low-income and disadvantaged communities. As such, Section 134(a)(1) funds are uniquely capable of removing barriers, filling in gaps and complementing other federal funding—including funding offered by other federal agencies such as the U.S. Department of Energy, U.S. Department of Agriculture, U.S. Department of Transportation, and others—as well as state-level funding for greenhouse gas mitigation.

One of the key insights of CT DEEP's more than a decade of work with the CT Green Bank, CT electric distribution utilities, and other organizations on decarbonization initiatives is that financing is an important tool but is rarely the exclusive measure that can be used to motivate or accelerate decarbonization initiatives. To enable a project to move forward, a subsidized-interest loan may need to be paired with an upfront grant; funding for marketing and education for consumers and installers; funding to remedy pre-weatherization barriers (lead, asbestos, mold, etc.) to make a building install-ready; and so on. Focusing funding exclusively on a financing program, without investing in these other elements, will not be optimal for success.

With input from the Equity and Environmental Justice working group of Governor Lamont's Governor's Council on Climate Change, CT DEEP has been active in recent years to fund a range of different greenhouse gas mitigation measures intended to benefit low-income and disadvantaged communities. This experience points to a range of different investments and financial supports needed to unlock key mitigation measures in renewables, energy efficiency, natural resource management, transportation, and other sectors, in overburdened and underserved communities. These include:

• *Support for grant writing, community engagement, and project design.* Example: Unprecedented amounts of federal funding are available for climate resilience investments, including in green infrastructure that can reduce flooding risk in low-income communities, but communities are not adequately supported in identifying, with input from community members, and developing federal applications for project funding. In 2022, CT DEEP launched a $10 million state bond-funded Climate Resilience Fund program to provide grant funding to communities for these pre-application activities, and dedicated 40% of this funding to vulnerable communities. This is an example of pre-application technical assistance that is critical for many types of GHG mitigation projects and programs as well and could be a model for the measures that the GHGRF could fund through direct grant support.

• *Support for workforce development.* Many federal programs for decarbonization have a required workforce development component. Additionally, in order to meet its carbon and air quality goals, Connecticut will need to increase clean economy jobs. Funding is needed to do so, and to ensure that approaches to workforce development are equitable and inclusive, providing opportunity to those who have been historically overburdened by the impacts of our reliance on fossil fuels.

• *Support for remediation of host sites.* Connecticut has been proudly implementing a community solar program, called the Shared Clean Energy Facilities (SCEF) Program, for several years to provide priority access to the benefits of solar energy to underserved communities. Access to suitable development sites is critical, and many of the same communities are burdened with a legacy of industrial pollution. Therefore, flexibility to utilize GHGRF funds to cover remediation costs antecedent to GHG mitigation projects is recommended.

• *Support for addressing pre-weatherization barriers.* Connecticut's old housing stock is often a barrier to participation in weatherization programs. A large percentage of Connecticut homes contain asbestos, vermiculite, knob and tube wiring, mold, and other barriers that must be remediated before a home can be properly air sealed and insulated. Distressed communities are disproportionately impacted by this, as has been noted by a variety of energy justice stakeholders. DEEP has created the Office of Affordable Housing Energy Retrofits and has launched a weatherization barrier remediation program braiding a limited amount of American Rescue Plan Act and LIHEAP funding to address barriers in homes identified in its federally funded Weatherization Assistance Program and state-funded Conservation and Load Management Program. Additional funding would expand this program to provide pathways to weatherization that would help those most in need to save on energy costs while reducing emissions.

Finally, CT DEEP appreciates that deployment of solar facilities as one potential focus of the GHGRF investments. Connecticut has a long history of programs and efforts to expand access to the benefits of solar for low-income and underserved communities, from the bill savings that accrue to hosts or subscribers of solar facility output; the jobs and economic development benefits that can accrue to developers, installers, and owners of host sites; and the peak shaving and air pollution reduction that can accrue to community members.

To the extent that EPA is considering a special focus on solar in the implementation of this bill, CT DEEP would urge a holistic approach—for example, our experience shows that funding for "whole home retrofits" that combine solar installation with energy storage, EV charging, weatherization, heat pumps, as well as remediation of weatherization barriers and climate resilience measures for buildings is a more optimal deployment strategy than solar deployed alone, as solar systems can better be sized to the entire suite of beneficial electrification technologies and measures residents and the state will need to achieve our decarbonization targets. And consequently, workforce and business development programs that enable low-income and disadvantaged communities to directly reap the economic benefits of this comprehensive approach will need to provide training and seed funding for a broad array of services beyond solar development and installation. In short, our experience shows that solar deployment is best considered not as a singular objective but part of a comprehensive approach to decarbonization; it's possible that the GHGRF can advance solar deployment best by not funding it *exclusively*.

Section 4: Eligible Recipients.

CT DEEP has submitted comments as part of a multi-state comment submission urging EPA to provide an option for a formula distribution of the Section 134(a)(1) funds to states, which a state would then sub-allocate to eligible entities within its borders through a competitive process with appropriate oversight and approval of the sub-allocation process by EPA. CT DEEP strongly believes that this formula opt-in would enable states that wish to do so to play a coordinating role on EPA's behalf that will enable all eligible entities within a state to propose projects or programs for funding, while allowing a state to optimize funding allocations to avoid duplication and conflict among programs, ensure equitable participation, and even braid together federal and state funding sources. CT DEEP would welcome the opportunity to provide further input on this approach should EPA extend the deadline for comments or provide for additional comment opportunities on program guidance or an implementation framework.

Section 5: Oversight and Reporting.

CT DEEP is aware that commenters are urging a variety of different deployment mechanisms for GHGRF funds. Specifically, some commenters have advocated for creation of a national green bank to administer GHGRF, while others have encouraged the distribution of funds through community development financing institutions. In moving forward with either or both of these models, CT DEEP would urge EPA to provide for meaningful and permanent opportunities for states to have input as follows:

In CT DEEP's experience, a very meaningful way to accomplish state agency input and oversight for a national or regional green bank would be to:

1. Require the national or regional bank to develop a draft plan for investment of GHGRF funds (and proceeds) preferably on a biannual basis with an opportunity for input from states. This would enable states to propose investment programs to the GHGRF fund administrator that will best fill gaps, remove barriers, and complement other state or federal funds and policies. CT DEEP also notes that EPA's network of regional offices provides a well-established foundation and network for regional work and coordination among states and EPA personnel; CT DEEP would encourage the use of that regional footprint should EPA opt to fund regional green banks.

2. Establish advisory committees on which state agency personnel could serve, to advise a national or regional green bank on the disbursement of funds. These advisory committees could be organized on a regional basis, by particular sectors, or on an ad hoc basis, to again pursue greater coordination and alignment of GHGRF investments with related state, local, and federal investment programs.

Should EPA allocate GHGRF funds to lender intermediaries for investment, CT DEEP recognizes that the more formal governance and coordination measures for a national or regional green bank would not be feasible. Instead, CT DEEP would encourage EPA to invest time and resources early in the GHGRF implementation period in hosting conferences, roundtables, and other convenings of the key stakeholders that will be involved in GHGRF funding allocation, both at the national and regional level. These types of convenings—involving low-income and underserved community members, workforce participants, state, local, and federal agency partners, lenders, and GHGRF fund recipients—will help to build relationships, foster dialogue, seed best practices, and generate strong connections between the various constituencies that will be involved in GHGRF funding deployment. An intensive emphasis on community building, at the broadest levels, will pay dividends that may be hard to measure, but have proven invaluable in advancing coordination in other federal programs.

In conclusion, CT DEEP encourages EPA to establish collaborative governance and/or implementation structures, preserve flexibility in measure eligibility and program design, and implement a formula distribution of the Section 134(a)(1) funds to states. Thank you for the opportunity to submit comments.

Sincerely,

Katie S. Dykes

Katie S. Dykes, Commissioner
Connecticut Department of Energy & Environmental Protection