



## MEMORANDUM

To: Members and Staff, Subcommittee on Oversight and Investigations

From: Majority Committee Staff

Re: Oversight and Investigations Subcommittee Hearing, “Fighting the Misuse of Biden's Green Bank Giveaway.”

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On Tuesday, January 30, 2024, at 10:30 a.m. (ET) in 2322 Rayburn House Office Building, the Subcommittee on Oversight and Investigations will hold a hearing entitled, “Fighting the Misuse of Biden's Green Bank Giveaway.”

### I. WITNESS

- Mr. Zealan Hoover, Senior Advisor to the Administrator, Environmental Protection Agency

### II. BACKGROUND

#### *A. The Inflation Reduction Act of 2022*

Enacted on August 16, 2022, the Inflation Reduction Act of 2022 (IRA) provides more than \$27 billion to the Environmental Protection Agency (EPA) to launch its new Greenhouse Gas Reduction Fund (GGRF).<sup>1</sup> This law appropriated \$7 billion to the EPA to make grants to States, municipalities, Tribal governments, and eligible nonprofits to provide loans, other financial assistance, and technical assistance to deploy zero-emission technologies in low-income and disadvantaged communities.<sup>2</sup> The EPA also received nearly \$12 billion to make grants to eligible nonprofits to provide financial and technical assistance to projects that: (1) reduce or avoid greenhouse gas emissions and air pollution with private-sector investment; or (2) assist communities in reducing or avoiding greenhouse gas emissions and air pollution (collectively, qualified projects).<sup>3</sup> Finally, the IRA provided \$8 billion for the EPA to give to eligible nonprofits for providing financial and technical assistance to qualified projects in low-income and disadvantaged communities.<sup>4</sup> The IRA specified that the EPA must award this funding by September 30, 2024.<sup>5</sup> The EPA also received \$30 million for administrative costs.<sup>6</sup>

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<sup>1</sup> Pub. L. No. 117-169 § 60103.

<sup>2</sup> § 60103(a)(1).

<sup>3</sup> § 60103(a)(2).

<sup>4</sup> § 60103(a)(3).

<sup>5</sup> § 60103(a).

<sup>6</sup> § 60103(a)(4).

### *B. EPA's Initial Efforts to Implement the Greenhouse Gas Reduction Fund*

The IRA's GGRF provisions contain elements associated with entities known as "green banks," or financial institutions designed to mitigate market barriers and generate investment in low-carbon technologies.<sup>7</sup> However, the EPA acknowledged this is a "first-of-its-kind" program<sup>8</sup> and sought public comment on how it should design and implement the program through an October 21, 2022, Request for Information.<sup>9</sup> The EPA's Office of the Administrator also requested advice from the Environmental Financial Advisory Board,<sup>10</sup> which provides advice to the EPA on strategies to lower costs and increase investment in environmental protection.<sup>11</sup> On February 14, 2023, the EPA announced initial guidance on the design of the program<sup>12</sup> and subsequently released its implementation framework on April 19, 2023.<sup>13</sup>

### *C. Greenhouse Gas Reduction Fund Grant Competitions*

As part of this April 19, 2023, update, the EPA announced it would hold three separate funding competitions to distribute the GGRF program's \$27 billion.<sup>14</sup> These included the following:

(1.) *National Clean Investment Fund (NCIF)* (\$14 billion): The EPA stated it will provide grants to two to three national nonprofit financing entities to establish "national clean financing institutions" that can partner with the private sector to provide financing for clean energy technology projects nationwide.<sup>15</sup>

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<sup>7</sup> See, e.g., RICHARD K. LATTANZIO, CONG. RESEARCH SERV., IF12387, EPA'S GREENHOUSE GAS REDUCTION FUND (2023).

<sup>8</sup> Press Release, Env'tl. Prot. Agency, EPA Releases Framework for the Implementation of the Greenhouse Gas Reduction Fund as Part of President Biden's Investing in America Agenda, Apr. 19, 2023, <https://www.epa.gov/newsreleases/epa-releases-framework-implementation-greenhouse-gas-reduction-fund-partpresident>.

<sup>9</sup> Env'tl. Prot. Agency, EPA-HQ-OA-2022-0859-0002, Request for Information-Greenhouse Gas Reduction Fund, Oct. 22, 2022, available at <https://www.regulations.gov/document/EPA-HQ-OA-2022-0859-0002>.

<sup>10</sup> ENVTL. PROT. AGENCY, ENVTL. FIN. ADVISORY BD., Environmental Financial Advisory Board Greenhouse Gas Reduction Fund Charge, Jan. 3, 2023, available at <https://www.epa.gov/system/files/documents/2023-01/efabgreenhouse-gas-reduction-fund.pdf>. <https://www.epa.gov/system/files/documents/2023-01/efab-greenhouse-gas-reduction-fund.pdf>.

<sup>11</sup> ENVTL. PROT. AGENCY, *Env'tl. Fin. Advisory Bd.*, <https://www.epa.gov/waterfinancecenter/efab>, (last visited Jan 18, 2024).

<sup>12</sup> Env'tl. Prot. Agency, *supra* note 8.

<sup>13</sup> Press Release, Env'tl. Prot. Agency, EPA Releases Framework for the Implementation of the Greenhouse Gas Reduction Fund as Part of President Biden's Investing in America Agenda, April 19, 2023, <https://www.epa.gov/newsreleases/epa-releases-framework-implementation-greenhouse-gas-reduction-fund-partpresident>.

<sup>14</sup> *Id.*

<sup>15</sup> Env'tl. Prot. Agency, Office of the Greenhouse Gas Reduction Fund, EPA-R-HQ-NCIF-23, Request for Applications: National Clean Investment Fund 4 (Aug. 11, 2023) (revised) [hereinafter NCIF NOFO].

(2.) *Clean Communities Investment Accelerator (CCIA)* (\$6 billion): The EPA plans to provide grants to two to seven “hub” nonprofit organizations to provide funding and technical assistance to networks of community lenders to deploy clean energy projects in low-income and disadvantaged communities.<sup>16</sup>

(3.) *Solar for All (SFA)* (\$7 billion): The EPA will award up to 60 grants to states, territories, Tribal governments, municipalities, and eligible nonprofits to expand existing programs for low-income and disadvantaged communities or design and deploy new programs.<sup>17</sup>

The EPA released Notice of Funding Opportunities for all three programs in the summer of 2023.<sup>18</sup> For all three programs, the EPA plans to notify organizations selected for awards by March 2024. By July 2024, the EPA anticipates the performance period for the NCIF and the CCIA will begin, and SFA recipients will receive their awards.<sup>19</sup> Within the Office of the Administrator, the EPA established an Office of Greenhouse Gas Reduction Fund to develop, implement, and oversee the GGRF funding competitions.<sup>20</sup>

### III. DISCUSSION

The hearing will provide the EPA with a chance to update the Committee on its efforts to stand up this program. Questions discussed at the hearing may include:

- What factors influenced the EPA in designing the programs, and how did the EPA choose the current structure?
- How will a new program spend \$27 billion in such a short timeframe, and how is EPA addressing the associated risks for waste, fraud, and abuse?
- As the EPA will use grantees as intermediaries to distribute funding to subrecipients, how will the EPA oversee the use of these funds?
- What type of and how many staff does the new Office of the Greenhouse Gas Reduction Fund include, and what expertise do they possess?
- What type of projects will this program fund, and what type of organizations is the EPA considering as recipients?

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<sup>16</sup> Env'tl. Prot. Agency, Office of the Greenhouse Gas Reduction Fund, EPA-R-HQ-CCIA-23, Request for Applications: Clean Communities Investment Accelerator, (Aug. 11, 2023) (revised) [hereinafter CCIA NOFO]

<sup>17</sup> Env'tl. Prot. Agency, Office of the Greenhouse Gas Reduction Fund, EPA-R-HQ-SFA-23-01, Request for Applications: Solar for All 5 (Aug. 31, 2023) (revised) [hereinafter SFA NOFO].

<sup>18</sup> SFA NOFO, *supra* note 17; CCIA NOFO, *supra* note 16; NCIF NOFO, *supra* note 15.

<sup>19</sup> SFA NOFO, *supra* note 17; CCIA NOFO, *supra* note 16; NCIF NOFO, *supra* note 15.

<sup>20</sup> ENVTL. PROT. AGENCY, *About the Office of the Greenhouse Gas Reduction Fund (OGGRF)*, <https://www.epa.gov/aboutepa/about-office-greenhouse-gas-reduction-fund-oggrf> (last visited Jan. 19, 2024); ENVTL. PROT. AGENCY, *Organization Chart for the Office of the Administrator*, <https://www.epa.gov/aboutepa/organization-chart-office-administrator> (last visited Jan. 19, 2024).

- How will the EPA encourage responsible investment of taxpayer funds and monitor the success of grantees and subrecipients?

#### **IV. STAFF CONTACT**

For questions regarding this hearing, please contact Christen Harsha of the Subcommittee on Oversight and Investigations staff at (202) 225-3641.