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VIA ELECTRONIC SUBMISSION <ggrf@epa.gov>

May 12, 2023

Jahi Wise
Senior Advisor and Acting Director
Greenhouse Gas Reduction Fund
Environmental Protection Agency (EPA)
1200 Pennsylvania Avenue NW, Washington, DC 20004

RE: Ensuring Indian Country's Full Inclusion in the Greenhouse Gas Reduction Fund

The Native CDFI Network (NCN), the only national membership organization solely dedicated to serving and supporting Native community development financial institutions (CDFIs), welcomes this opportunity to provide comments on the EPA Updated Implementation Guidance for the Greenhouse Gas Reduction Fund (GGRF) on behalf of our members. Our comments are formally supported by the 33 co-signatory organizations listed at the end of this document.

Native CDFIs' origins can be traced to the 1994 Congressional legislation authorizing the CDFI Fund's creation in Treasury, which contained among its provisions the mandating of a study examining lending and investment practices in Native communities. Titled the Native American Lending Study, the study identified 17 major barriers to investment in Indian Country, and "affirmed the importance of developing Native CDFIs to play a key role in the broader effort to lead Native Communities into the nation's economic mainstream." In the two decades since the study's release, Native CDFIs have proven themselves vital engines for fueling the growth of healthy, vibrant Native economies and communities. In the words of the Treasury CDFI Fund, Native CDFIs are "an important part of the CDFI Fund's mission to expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States," and they are making a "considerable impact" by "helping to transform their communities. They are creating businesses and jobs in places that desperately need them."

Currently, a total of 64 Treasury-certified Native CDFIs (down from its recent peak of 72 certified Native CDFIs) – serving rural reservation communities as well as urban Native populations – can be found in 27 states across the country, and there are about two dozen "emerging" Native CDFIs following in their footsteps.

In early April, EPA announced its updated guidance on the program design for the Inflation Reduction Act's Greenhouse Gas Reduction Fund (GGRF). EPA now plans to hold three funding competitions: National Clean Energy Investment Fund, Clean Communities Investment Accelerator Fund, and the Solar For All Fund. Our comments will focus on the Clean Communities Investment Accelerator Fund, as that is the program most Native CDFIs – as acknowledged by EPA – will likely participate in to support greenhouse gas reduction projects in Indian Country.

NCN is prepared to lead a coalition of Native CDFIs and other tribal community lenders to apply for the Clean Communities Investment Accelerator Fund. Alternatively, NCN is exploring opportunities for its members to participate through other applicant coalitions. In either scenario, Native CDFIs anticipate collectively seeking at least \$350 - \$400 million in funding for greenhouse gas reduction projects in Indian Country.

Further, while Native CDFIs are most likely to primarily participate in the Accelerator Fund, Indian Tribes, tribal enterprises, and tribal communities will almost certainly seek funding from the National Clean Energy Investment Fund and the Solar for All Fund. Native CDFIs are uniquely positioned to help them access and leverage those funds.

Clean Communities Investment Accelerator Fund

EPA has indicated it intends to award a minimum of two and as many as seven grants to national or regional “eligible entities” as hub organizations to support a network of community lenders – a group that presumably includes Native CDFIs – that will invest the grant funds into certain designated projects and technologies. These hub organizations will be responsible for providing both financial and technical assistance to capitalize and support deployment of projects through various other organizations, such as Native CDFIs, credit unions, or other tribal community lenders.

Given EPA’s acknowledgement of the importance of including Native CDFIs in the effort to deploy greenhouse gas reduction technologies, NCN recommends that at least one of the selected hubs be a Native non-profit eligible entity. NCN as well as several large Native CDFIs meet the definition of eligible entities and already have networks of Native CDFIs and community lenders that can be part of the hub approach. Without such targeted Indian Country inclusion, NCN is concerned the likelihood a successful hub applicant will have little if any substantive experience working directly with Native CDFIs, Indian Tribes, or Tribal communities. Requiring Native CDFIs to go through non-Native hub organizations will also require Native CDFIs – which are the lending organizations closest to low-income and disadvantaged Tribal communities – to work with organizations they are unfamiliar with, further increasing the potential that Native CDFIs will not be able to participate in the desired hubs and thus reducing access to these capitalization and technical assistance funds.

Further, the Updated Implementation Guidance identifies certain types of authorized designated projects, including building retrofits for energy efficiency and electrification. Native CDFIs work closely with federal agencies and Indian Tribes to support tribal housing goals through home loans and loans to tribal housing authorities. The building retrofit projects should also include all tribal housing energy efficiency and electrification projects (and not just multi-family units). In addition, Native CDFIs should be able to offer electric vehicle auto loans to tribal members or tribal enterprises as part of the transportation electrification projects.

Finally, EPA should expand its definition of federal financial assistance in this competition and allow Native CDFIs to make both grants and loans for eligible projects. Many low-income and disadvantaged tribal communities – and tribal members – cannot carry a debt burden. And while there may be other opportunities to pay down the cost of projects (such as other federal funding, utility or state incentives, or tax credits), these extra funds are still not likely to cover the cost of eligible projects. EPA should give Native CDFIs and other community lenders the flexibility to determine the best way to provide financial assistance to a particular project in a particular community.

Solar For All Competition

While Tribal governments are directly eligible to apply for this competition, Native CDFIs will likely play a role in financing projects that are funded in part by this competition. In that regard, the Solar for All Competition, which limits approved projects to just roof-top or community scale solar, is unreasonably limiting for Indian Tribes and tribal projects. Many Indian Tribes are located in states where distributed solar is not legally allowed, financially viable, or technically supported. For example, for Indian Tribes located in rural electric cooperative territories, those utilities generally do not allow rooftop or community scale solar, or their distribution systems are not technically capable of handling large penetration of rooftop

May 12, 2023

or community scale solar. In addition, as acknowledged by EPA, only 22 states legally allow community solar.¹ Meanwhile, only 33 states mandate net-metering for rooftop solar. Even California, a state with over 100 Indian Tribes, just rolled back its net metering policies that, by some estimates, will result in the severe contraction of rooftop solar in the state.

Therefore, NCN recommends that the Solar for All Competition allow those funds to be used for the same designated projects as the other two competitions. For many tribal members, energy efficiency and electrification will be more important – from an energy savings and greenhouse gas reduction perspective – than rooftop or community solar. In some locations, energy efficiency can result in over a 30% reduction in energy costs (rather than the proposed 20% reduction requirement for solar). And, more importantly, energy efficiency and electrification does not need the approval of the utility or state regulators.

Thank you for your consideration of these comments on the Updated Implementation Guidance for the Greenhouse Gas Reduction Fund. NCN looks forward to participating in future discussions and communication with EPA, Indian Tribes, and Tribal Organizations as EPA finalizes these competitions.

Sincerely,



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¹ <https://www.epa.gov/green-power-markets/shared-renewables#:~:text=Shared%20renewables%20legislation%E2%80%94specifically%2C%20community,%2C%20Rhode%20Island%2C%20South%20Carolina%2C>

NCN Comment Letter to EPA

Page 4

May 12, 2023

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NCN Comment Letter to EPA

Page 5

May 12, 2023

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NCN Comment Letter to EPA

Page 6

May 12, 2023

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