Implementing the Greenhouse Gas Reduction Fund in Michigan

MichiganSaves.org
Agenda

• Michigan Saves overview
• Federal funding coordination
• Greenhouse Gas Reduction Fund (GGRF) deep dive
• Equity considerations in the GGRF
• Next steps
Transforming Michigan’s Energy Landscape

Michigan Saves is the nation’s first nonprofit green bank dedicated to accessible, equitable, and just investments in energy efficiency and clean energy improvements.

Our Impact

From September 2010 through December 2022, Michigan Saves has supported:

- **450 million dollars**
  - Financed in energy improvements

- **3.1 million metric tons**
  - Reduced carbon emissions

- **9,175 full-time jobs**
  - Supported through Michigan Saves

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## Under the Hood—Michigan Saves

### Initial Sources of Funds
- Michigan Public Service Commission
- Department of Energy

### Ongoing Sources of Funds
- State appropriation
- Foundation investment
- Program revenues

### Programs
- Residential loan loss reserve (LLR)
- Detroit Loan Fund
- Commercial LLR
- Lead remediation
- Utility on-bill repayment

### Incentives
- Utility interest rate buydown
- Municipal incentives
Mapping Federal Funding Opportunities 2023

- **Tax credit bonus opportunities**
  - 10 percent bonus: domestic content requirements
  - 10 percent bonus: in an energy community
  - 10 percent bonus: wind and solar facilities with a maximum net output of less than five MW located in a low-income community
  - 20 percent bonus: part of a “qualified low-income residential building project” or “qualified low-income benefit project”

- **Electricity and weatherization**
  - 25C energy efficiency credits
    - $12.5 (IRA)
  - HOMES rebates (DOE)
    - $4.8 (IRA)

- **Pollution reduction**
  - Climate pollution reduction (EPA)
    - $5 (IRA)

- **Weatherization**
  - WAP Grants (DOE)
    - $3.5 (IIJA)

- **Solar**
  - 25D clean energy tax credits
    - 30 percent (IRA)
  - Direct pay (nonprofits and municipalities)

- **Greenhouse gas reduction**
  - Fund (EPA)
    - $27 (IRA)

- **Energy Efficiency Conservation Block Grant (DOE)**
  - $0.55 (IIJA)

- **State energy program (DOE)**
  - $0.5 (IIJA)

- **State and private forestry (USDA)**
  - $1.5 (IRA)

- **Environmental and climate justice block grants (EPA)**
  - $5 (IRA)

- **Improve accessibility**
  - Neighborhood access and equity grants (FHA)
    - $3 (IRA)

The dollar amounts are in billions.
Creating an Implementation Framework

- **Implementation**: Contractors (Michigan Saves certified electrification and solar contractors, weatherization contractors, commercial contractors)
- **Funding**: Tax credits (25C, 25D, 48, 179D), Rebates: HEERA, HOMES, Loans: GGRF, Energy Efficiency Revolving Loan Fund Capitalization Grant Program, Grants: GGRF, Community Pollution Reduction Grants
- **Administration**: Government funders (Community action agencies, Michigan Saves, CDFI, Justice 40 Fund, utilities), Community funders, Technical assistance (Energy concierges, community groups, catalyst communities, contractors), Program administration (Statewide organization)
Greenhouse Gas Reduction Fund Overview

• Inflation Reduction Act
  – $27 billion Environmental Protection Agency (EPA) funding

• Three competitions, with three primary objectives:
  – Reduce greenhouse gas emissions and other air pollutants
  – Deliver the benefits of greenhouse gas and air pollution reduction to American communities, particularly low-income and disadvantaged communities (LIDC)
  – Mobilize financing and private capital to stimulate additional deployment of greenhouse gas and air pollution reduction projects
National Clean Investment Fund (NCIF)

- $14 billion available
- Funds two to three national nonprofits to partner with private capital providers
- Directs investment into qualified projects and activities
- Requires 40 percent to be spent in Justice40 communities
- Provides continued liquidity to the other GGRF programs
Michigan and the NCIF

• Michigan Saves is a member of the Coalition for Green Capital, which seeks to capitalize a national green bank with NCIF monies

• That national green bank would provide Michigan Saves with financial assistance to fill market gaps

• We are seeking community feedback to identify gaps and create new programs
Early NCIF Program Ideas

- Sub-PACE Energy Efficiency and Renewable Energy Term Loans
- Solar Investment Tax Credit bridging
- Expansion of LIDC residential lending
- Community solar
- Affordable housing
- Working capital loans for startup contractors
- Many more (e.g., microgrids, electric vehicles, etc.)
Clean Communities Investment Accelerator (CCIA)

• $6 billion available

• Funds two to seven national nonprofits to pass through 95 percent of funds

• Capitalizes community lenders (community development financial institutions [CDFIs], green banks, housing finance authorities, etc.)

• Up to $5,625,000 in grants per community lender

• Requires 100 percent of funds to be spent in LIDCs
Michigan and CCIA

Michigan Saves currently partners with community lenders such as credit unions and CDFIs to offer green lending programs

• With CCIA, Michigan Saves can help more community lenders access our residential and commercial programs (LLR, certified contractor network, software, etc.)

• Michigan Saves can help sell community lender loans to the NCIF to revolve funds faster
Solar for All Program (SFA)

- $7 billion available
- Funds up to 60 recipients: state governments, municipalities, tribes, territories, and nonprofits
- Prioritizes state government access, followed by municipalities and nonprofits
- Creates or expands residential solar programs or community solar for LIDCs
- Allows rebates and incentives as eligible uses, unlike the NCIF and CCIA
Michigan and SFA

• Michigan Department of Environment, Great Lakes, and Energy plans to apply on behalf of Michigan

• Program design is expected to support the goals of the MI Healthy Climate Plan and work within broader IIJA, IRA, and GGRF ecosystem

• Example program: Tiered rebate + loan program based on income that does not use credit score. Homes need to be solar ready, in coordination with weatherization
Return to Collaborative Implementation

- **Implementation**
  - Contractors: Michigan Saves certified electrification and solar contractors, weatherization contractors, commercial contractors

- **Funding**
  - Tax credits: 25C, 25D, 48, 179D
  - Rebates: HEER, HOMES
  - Loans: GGRF, Energy Efficiency Revolving Loan Fund Capitalization Grant Program
  - Grants: GGRF, Community Pollution Reduction Grants

- **Administration**
  - Government funders
  - Community funders: Community action agencies, Michigan Saves, CDFIS, Justice 40 Fund, utilities
  - Technical assistance: Energy concierges, community groups, catalyst communities, contractors
  - Program administration: Statewide organization
Tentative GGRF Timeline

Source: EPA
The Justice40 Initiative

- Forty percent of the benefits of certain federal investments flow to disadvantaged communities that are marginalized, underserved, and overburdened by pollution
- GGRF competitions meet or exceed Justice40 criteria
Defining Disadvantaged Communities

• Geographic areas identified in the Climate & Economic Justice Screening Tool (right)

• Census block groups at or above the 90th percentile in EJ Screen's supplemental indexes

• Additional criteria are expected when GGRF applications open
Justice40 and the GGRF

• The GGRF can be a once in a lifetime catalyst for:
  – Deploying clean energy
  – Improving air quality
  – Creating good jobs
  – Building wealth in underserved communities

• Technical assistance funds are available to recipients

• Accountability is part of each competition
  – Advisory committees
  – Annual performance evaluation
  – Organizational policies and practices
Michigan Saves’ Focus on Equity and Justice

- Michigan Saves exists to fill market gaps
- Recent programs addressed inequities: Revolving Loan Fund and Detroit Loan Fund
- Listening, learning, and co-creating programs
Next Steps

- [Group listserv](#)
- GGRF website
- Provide feedback
- Give us a call
Questions

Thank you

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