"What the Inflation Reduction Act Means for Energy Communities" Webinar – March 20, 2023

Q&A Responses

Kristina Costa, The White House

Q: When do you expect Treasury to release guidance on claiming the bonus credits from IRA?
A: The Department of Treasury will issue guidance on the IRA tax credits on a rolling basis throughout the year as work on each credit is completed. The IWG will share information on IRA clean energy tax guidance with this network as it becomes available.

Q: Are there online mapping resources available or some other resource to determine if my community qualifies as an energy community under the IRA?
A: We anticipate mapping tools showing the location of energy communities for the purposes of the 10% energy communities bonus credit will be released in conjunction the forthcoming Treasury guidance.

Clare Sierawski, U.S. Department of Agriculture Rural Development

Q: Can schools apply for this for EE projects?
A: Under ACE/22001, Municipalities are eligible to submit an application for utility scale clean energy projects (wind, solar, hydropower, geothermal, including energy storage).

Q: Are the CCSS projects on existing coal power generation plants eligible under this program?
A: CCS on existing coal plants is not statutorily eligible under Section 22001 because it is not a generation asset from a renewable source. The NOFO will define applicability for CCS on 22004.

Q: Can you provide examples of the capital stack for utilizing Section 317 Loans, up to 50% forgiveness?
A: ACE/22001 forgivable loans can be a part of a capital stack that finances a renewable generation project. We would need to enter into an acceptable intercreditor agreement if there are other sources of lending to finance a particular project or group of projects. Also, the IRA programs do not have anti-stacking provisions, so the borrower may utilize both IRA funds and other sources of Federal funds to finance the project.

Q: When will applications be available roughly?
A: The publication of the Notice of Funding Opportunity (NOFOs) in the Federal Register is anticipated in Spring 2023

Q: Just to clarify, regarding the ACE and Empowering Rural America programs, in order to receive funding does the project need to be completed by 9/30/31?
A: The project must be complete, and funds must be fully dispersed by September 30, 2031.

Q: Want to be sure I heard right - did Clare say that applications from $1M to between $100M would be encouraged to apply for the New ERA program? Or was that for another program?
A: The NOFOs will define acceptable application limits. A limitation (per statute) for New ERA is that no entity may receive more than 10 percent of the total amount of the budget authority.

Q: Is there a focus for funding to build a workforce with and for disproportionately impacted communities needing equitable opportunities in new sectors, and most impacted by historical environmental racism?
A: The NOFOs will define RDs intent towards meeting key priorities. [Rural Development: Key Priorities | Rural Development (usda.gov)]

Q: Can you talk about what kind of support is available for grant writing support particularly for small nonprofits working in the front-end with these communities? If the purpose is to make these opportunities more inclusive, capacity and technical assistance should be a priority to promote more opportunities for all.
A: Rural Development has General Field Representatives that are available to provide assistance. The Rural Partners Network will also be available for support. [Rural Partners Network | Rural.gov]

John McAuliff, U.S. Department of Agriculture Rural Development

Q: Are supporting organizations eligible to apply to any of these opportunities? e.g., as a capacity building partner to the Rural SMBs who have the need but don't have the capacity to go after the grant funding itself.
A: There is a small amount of funding for energy audits in the REAP EA/REDA program for supporting organizations, and we are working to make additional technical assistance opportunities available.

Q: For REAP, can rural multifamily rental companies count as small businesses?
A: No, there is a residential restriction.

Q: Is there a focus for funding to build a workforce with and for disproportionately impacted communities needing equitable opportunities in new sectors, and most impacted by historical environmental racism?
A: The REAP program does not have a workforce retraining component at this time.

Q: Can you talk about what kind of support is available for grant writing support particularly for small nonprofits working in the front-end with these communities? If the purpose is to make these opportunities more inclusive, capacity and technical assistance should be a priority to promote more opportunities for all.
A: There is a small amount of funding for energy audits in the REAP EA/REDA program for supporting organizations, and we are working to make additional technical assistance opportunities available for grant writers and other supporting groups.

Jigar Shah, U.S. Department of Energy

Many of the questions submitted are project specific and must be evaluated on a case-by-case basis. Applicants are encouraged to reach out to request a pre-application consultation by emailing LPO@hq.doe.gov. During these consultations, LPO can also work with potential applicants to determine whether their project may be eligible for a loan or loan guarantee. LPO accepts requests for a pre-application consultation at any time.

Energy Infrastructure Reinvestment – 1706

Created by the Inflation Reduction Act, The Energy Infrastructure Reinvestment program (EIR), or 1706, repowers ceased energy infrastructure and enables existing infrastructure to reduce emissions of greenhouse gases. The 1706 program will create jobs, address environmental justice and equity priorities, strengthen U.S. energy security and supply chains, and enable a just transition to the clean energy economy for energy.

The Loan Programs Office accepts applications at any time for this program and others. IRA appropriates $5 billion through September 30, 2026, to carry out EIR, with a total cap on loans of up to $250 billion. The time between starting an application varies for each applicant and project.

Potential applicants with projects that could be eligible for the EIR program and are currently further along in development should become familiar with certain requirements applicable to all loans and loan guarantees issued under Title 17. These requirements can be found in Title 17 Innovative Clean Energy (section 1703) solicitation here.

1706 provides loans and loan guarantees:

- To projects that retool, repower, repurpose, or replace energy infrastructure that has ceased operations
- To projects that enable operating energy infrastructure (including fossil fuels) to avoid, reduce, utilize, or sequester air pollutants or anthropogenic emissions of greenhouse gases.

Davis-Bacon Requirements

Until Title 17, all laborers and mechanics employed by contractors and subcontractors in the performance of construction work financed in whole or in part by a loan guaranteed under Title XVII must be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (the "Davis-Bacon Act").

Workforce

Hiring the workforce from the surrounding area and making sure that there is particular attention on reaching out to communities that have been impacted by environmental damage is a top priority.

In addition, LPO is moving to a practice of requiring applicants to submit a Community Benefits Plan. For example, LPO already is already requiring applicants to Carbon Dioxide Transportation Infrastructure Finance and Innovation Act (CIFIA) to submit a Community Benefits Plan as an attachment to the Business Information section of their application. An applicant's Community Benefits Plan should explain how a proposed project will support community and labor engagement, quality jobs, diversity, equity, inclusion, and accessibility, and environmental Justice (as addressed through the Justice40 Initiative.). Community benefits may align with DOE's energy justice policy priorities for disadvantaged communities, which include decreasing environmental exposure and burdens, increasing access to low-cost capital, increasing clean energy enterprise creation and contracting, increasing clean energy jobs (including job pipeline and training), and increasing energy resiliency. See CIFIA Guidance for more details.