

# The Greenhouse Gas Reduction Fund: Explained

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Established by the Inflation Reduction Act, the Greenhouse Gas Reduction Fund (GGRF) is a new US Environmental Protection Agency (EPA) program that puts forth \$27 billion to finance clean energy and emissions-reducing projects that deliver benefits to historically underserved communities.

## The GGRF is structured into three subprograms:

- **National Clean Investment Fund (NCIF)** (\$14 billion): 2-3 national entities that will finance projects across the country
- **Clean Communities Investment Accelerator (CCIA)** (\$6 billion): 2-7 hub nonprofits that will deliver funding and technical assistance to local community lenders, including credit unions, green banks, and community development financial institutions (CDFIs), so that they can, in turn, finance local climate projects
- **Solar for All** (\$7 billion): Up to 60 states, territories, Tribal governments, municipalities, and nonprofits that will distribute money to scale up investment specifically in residential solar

## GGRF resources are intended to be invested in and benefit low-income and disadvantaged communities (LIDACs) defined as:

- Communities identified as disadvantaged by the **Climate and Economic Justice Screening and Mapping Tool (CEJST)**
- Any additional communities that are at or above the 90th percentile for any of the **Environmental Justice Screens (EJ Screen)** supplemental indexes
- Areas within Tribal lands as included in EJScreen
- Geographically dispersed low-income households
- Properties providing affordable housing

## Timeline for implementation:

- **Spring 2024:** EPA announces winners of NCIF, CCIA, and Solar for All competitions
- **Summer 2024:** GGRF awardees will begin receiving funds from EPA to deploy to projects
- **September 2024:** Deadline for EPA to distribute all dollars to GGRF awardees

## GGRF Equity and Governance Best Practices Alliance:

The objective of the Alliance is to ensure that environmental justice and community-based organizations, representing and made up of frontline communities, are able to have decision-making power in how and where the GGRF is deployed so that impacted communities are directly benefited.

## Priority project areas for the GGRF include (but are not limited to):

- **Distributed Energy Generation and Storage:** Projects, technologies, or activities that generate and/or store zero-emissions power near to the point of use, instead of in centralized plants. Examples include distributed solar, distributed wind, geothermal, stand-alone energy storage, and community-wide microgrids.
- **Net-Zero Emissions Buildings:** Projects, technologies, or activities that retrofit existing buildings to reduce or eliminate greenhouse gas emissions and air pollution. Examples include grid-interactive appliance electrification in affordable multifamily housing alongside energy efficiency, indoor air quality improvements, and solar; school building space and water heating grid-interactive electrification and energy efficiency; replacement of backup diesel generators with battery storage, including paired with distributed power generation; and community facility retrofits with on-site solar, storage, and charging infrastructure.
- **Zero-Emissions Transportation:** Projects, technologies, or activities that support zero-emissions transportation modes, especially in communities that are overburdened by existing diesel pollution, particulate matter concentration, and degraded air quality. Examples include small business fleet electrification as well as public and multi-use charging depots (including for clean school buses and community facilities).

## Financing available through GGRF resources includes:

- **Debt:** Loans, partially forgivable loans, forgivable loans, zero-interest and below-market interest loans, loans paired with interest rate buydowns, secured and unsecured loans, lines of credit, subordinated debt, warehouse lending, loan purchasing programs, and other debt instruments
- **Equity:** Equity project finance investments, private equity investments, and other equity instruments)
- **Hybrids:** Mezzanine debt, preferred equity, and other hybrid instruments
- **Credit Enhancements:** Loan guarantees, loan guarantee funds, loan loss reserves, and other credit enhancement instruments

## Keep in mind for communities:

- Once EPA distributes these funds by September 2024, financing for projects will be available on an ongoing basis. Now is the time to build relationships with your local CDFI, green banks, credit union, and winners of the NCIF, CCIA, and Solar for All competitions to prepare for future opportunities.
- GGRF money will be available as loans, not grants. It will be important to consider the pros and cons of taking on debt in the context of a broader project budget.

## Additional resources:

- [Environmental Protection Agency Greenhouse Gas Reduction Fund Webpage](#)
- [Greenhouse Gas Reduction Fund Equity and Governance Best Practices Alliance](#)
- [Greenhouse Gas Reduction Fund Awardee Best Practices for Equity and Governance Pledge](#)
- [Greenhouse Gas Reduction Fund Best Practices for Equity and Governance: A Guide for NCIF and CCIA Applicants](#)
- [University of New Hampshire Center for Impact Finance: An Equity-Centered, Collaborative Approach to Greenhouse Gas Reduction for Low-Income and Disadvantaged Communities](#)