

Local Energy Resources Network



Meeting 37
January 14, 2024

*Featuring Minh Le of LA County and
Rachel Jacobson of the Center on
Budget and Policy Priorities*



Welcome!

Purpose

Interactive 1-hour meetings designed to be a regular space where local governments - and those who work with them - can help each other learn about (and possibly inform) available opportunities to advance their energy and climate goals.

TODAY'S AGENDA

- Opportunity Roundtable
- Rachel Jacobson of the Center on Budget and Policy Priorities
- Minh Le of LA County
- Submit a proposal for the CCEC Forum!
- Optional: Extended 15 minutes for Bonus Breakouts



Opportunity Roundtable

Need/Have Board

View all Opportunities

Policy Drives Investment



Agencies Scope/ Design Assistance Programs & Gather Input



Applicants Apply to Funding Solicitation

State

- FY 21-22 Budget (\$15B climate resilience)
- FY 22-23 Budget (\$38.8B climate change)
- Cap and Trade auction revenue allocations (>\$20B raised since 2013)
- FY 23-24 Budget
- FY 24-25 Budget - May revise
- State agency proceedings
- CCI Reauthorization
- Proposition 4 Climate Bond
- Wildfire response/recovery

Federal

- Infrastructure Investment and Jobs Act (IIJA) (2021) = \$47B in climate resilience funding
- FY 22-23 Budget (\$44.9B climate change)
- Inflation Reduction Act (IRA) (2022)
- Biden's Proposed FY 23-24 Budget (\$52.2B climate change)
- Trump Transition

Funding

- CEC: Reliable, Equitable, and Accessible Charging for Multi-family Housing 3.0 - January 22, 2025
- CalTrans: Sustainable Transportation Planning Grants - Jan 22, 2025
- CEC: Geothermal Grant and Loan Program - due Jan 27, 2025
- DOT: Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant Program - January 30
- TFN: Partners for Places Matching Grant Program - February 28, 2025
- CEC: Technical Assistance for Zero-Emission Vehicle (ZEV) Infrastructure Funding - February 28, 2025
- USDA: High Energy Cost Grants - February 28, 2025
- DOT: 2025 Rebuilding American Infrastructure with Sustainability and Equity (RAISE) - January 30, 2025
- DOE: Good Jobs in Clean Energy Prize - January 31, 2025
- Climate Resilience Fund: Climate Smart Communities Initiative - due March 3, 2025
- DOE: Career Skills Training Program - March 6, 2025
- CEC: FAST 2.0 Fast Available Charging for All Californians - March 31, 2025
- DOE: Energy Improvements in Rural or Remote Areas (ERA) Funding - concept paper due Feb 27, 2025; app August 28, 2025
- CALSTART: Communities in Charge Funding Wave 3 - Available Until Funds are depleted
- USDA: Community Facilities Program Disaster Repair Grants - Available Until Funds are depleted
- State Water Resources Control Board - Clean Water State Revolving Fund Water/ Energy Audit - Rolling
- DOE: Technical Assistance for the Adoption of Building Energy Codes - Rolling
- CCEEJ: Thriving Communities Grant (Region 9 Subawards) - Rolling applications open January 15, 2025

Other Assistance

- CEC: HEEHRA Phase I Program - stackable SF/MF rebates (up to \$8,000)
- EPN: Federal Funding Landscape Under Trump 2.0 - How to Prepare; and Pro Bono Pre-Award Support for EPA Grantees
- Lawyers for Good Government: Fund Protection Clinic

Input Opportunities

- CARB: Climate Action Survey (CPRG input will be requested over the next year)



Featured Discussion



Lead Researcher, State Climate Policy
Center on Budget and Policy Priorities

Rachel Jacobson

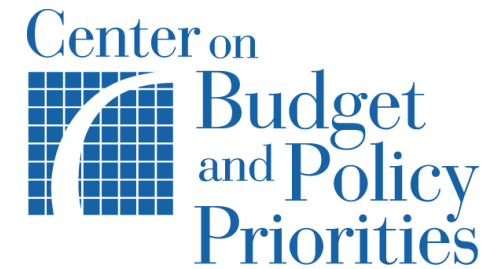
Federal Climate Funding Threats

Rachel Jacobson

Lead Researcher for State Climate Policy

rjacobson@cbpp.org

CA LEARN Cohort Call – January 14, 2025



Agenda

- Breaking down threat elements
- Understanding and responding to grant and loan threats
- Understanding and responding to tax credit threats
- Summary of key points & additional resources

Center on Budget and Policy Priorities

Advancing federal and state policies to help build a nation where everyone — regardless of income, race, ethnicity, sexual orientation, gender identity, ZIP code, immigration status, or disability status — has the resources they need to thrive and share in the nation's prosperity.



Advancing Racial, Economic, and Health Justice Through State Climate Policy

- Just and equitable climate spending
- Raising progressive state and local revenues
- Long-term sustainability for state budgets
- Democracy and community autonomy in the energy system
- Centering vulnerable populations in climate adaptation

Breaking Down Threat Elements

Elements to understand

- **Legal and political mechanisms:** This determines when the threat could emerge and what the response is.
- **Level of priority:** This will influence how likely it is that a particular mechanism may be activated for a given climate funding program, and when.
- **Whether the funding has been obligated:** For grants and loans, this will determine which mechanisms are relevant.

Legal and Political Mechanisms

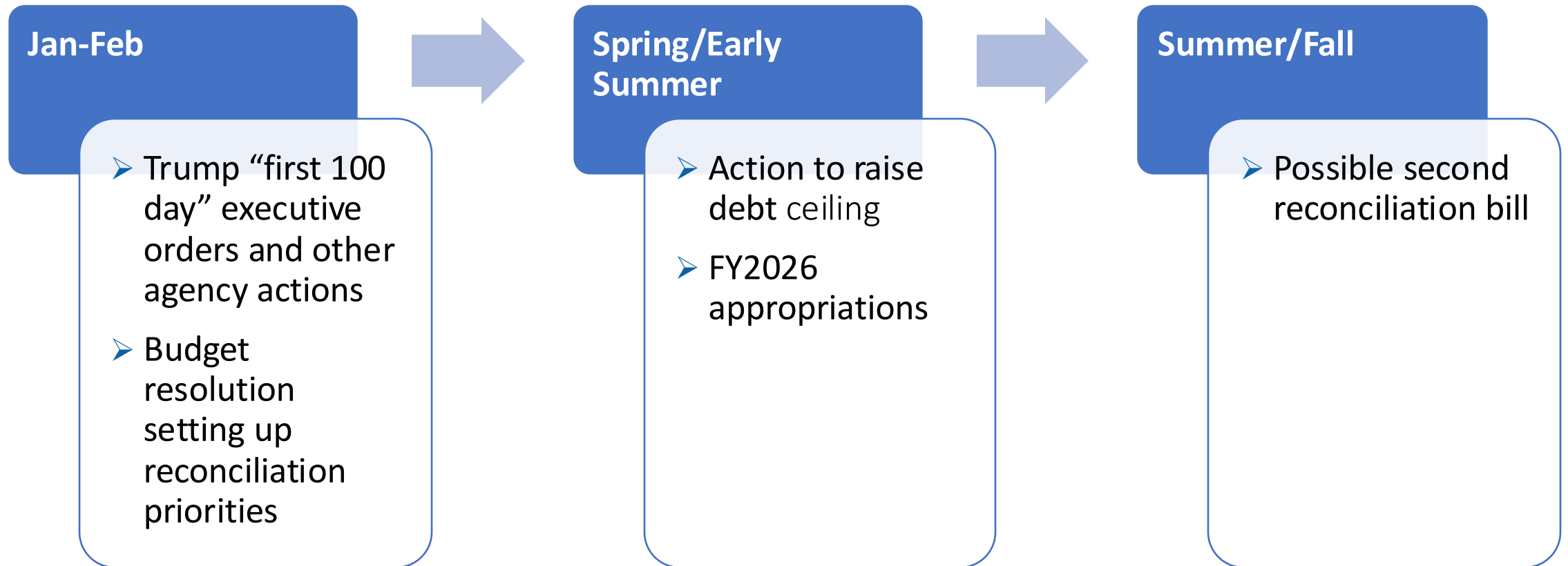
Congressional mechanisms

- Legislation (budget reconciliation)
- Congressional Review Act

Administrative mechanisms

- Impoundment
- Slowing down contracting or reimbursement processes
- Terminating contracts
- Weaponizing audits

Emerging Timeline for Potential Legislative and Administrative Action



Insights we have into Republican priorities and their potential implications

Insights	Implications
<ul style="list-style-type: none">• Intention to renew 2017 tax cuts; questions around paying for them• Preference for fossil energy over clean energy	Republicans may target any/all clean energy funding in a budget reconciliation bill.
Criticism of electric vehicle incentives	Electric vehicle tax credits are considered one of the parts of the IRA most vulnerable to repeal.
Criticism of federal funding going to nonprofits	<ul style="list-style-type: none">• Community Change Grants and other grant programs designed for nonprofits or with nonprofit awardees may be more vulnerable to threats.• The direct pay provision may be more vulnerable to repeal than other IRA tax provisions.
Pressure from Republican districts to maintain IRA tax incentives that are benefitting those places.	Tax credits for clean energy and clean vehicle manufacturing may be less vulnerable to repeal.

Grants

Key messages – grants and loans

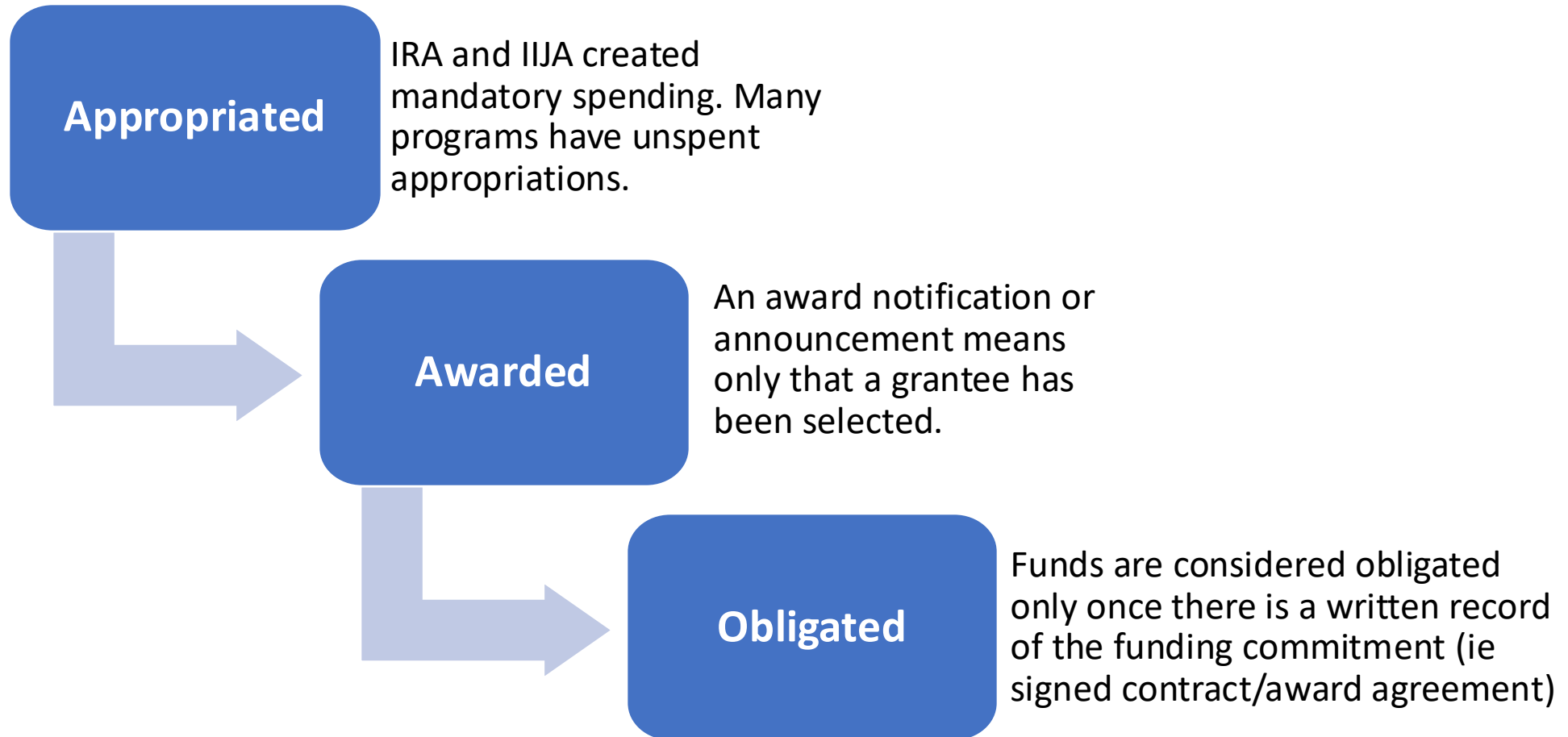
Congress could be attempting to repeal grant and loan programs through a budget reconciliation package.

Grant and loan funding faces various threats depending on its stage of implementation.

- Obligated funding: Depending on contract language, contracts could be terminated
- Awards not yet obligated: could be subject to threats or delays (Solar for All, Community Change, Home Energy Rebates)
- Appropriations not yet spent: Repeals, reprogramming or withholding funds

Any slow-down of the grantmaking can create big problems for small and low-capacity communities

Stage of funding dictates threat mechanism



Grant and loan funding threats summary

Stage	Threats	Example	Recommendations
Unspent appropriations	<ul style="list-style-type: none"> • Legislation • Impoundment 	Energy Improvement in Rural or Remote Areas	<ul style="list-style-type: none"> • Monitor political signals • Focus on shovel-ready applications
Awarded and obligated funds	<ul style="list-style-type: none"> • Slowing down contracting and reimbursement processes 	Community Change Grants	<ul style="list-style-type: none"> • Finalize contracts as fast as possible, harden contract language, and draw down as much money as possible before January 20 • Seek technical assistance and legal support from Environmental Protection Network (EPN) and Lawyers for Good Government (L4GG)
Obligated funds	<ul style="list-style-type: none"> • Agency Action: contract termination • Agency action: weaponized audits • Impoundment 	CPRG Implementation Grants	Seek technical assistance and legal support

Status of key grant programs

- **Home energy rebates (California):** Obligated
- **CPRG implementation grants:** Varies by award
- **Community change grants:** Varies by award
- **Thriving communities grants:** Grantmakers are currently working to draw down enough funds to administer the round of grants that are open, but you should confirm with the grantmaker for your region – Social and Environmental Entrepreneurs - before applying or recommending partners apply. Grantmaking in your region opens January 15.
- **Solar for All:** Whether these funds have been obligated, and specific award language, varies by state. California point of contact: CASolarForAll@energy.ca.gov
- **Other GGRF:** The \$20 billion for NCIF and CCIA grantees has already left the federal government and therefore the risk to those funds is low.

See status of select other programs [here](#).

Tax Credits

Key Messages – tax credits

Congress could roll back IRA tax credits in a budget resolution package. Actions could range from cutting entire credits to reducing credit availability, e.g. reducing the window of time in which credits can be used or lowering caps on credit amounts. Congress could also nullify tax credit rules and the IRS could hinder implementation of the credits.

Six particularly important provisions for clean energy priorities in disadvantaged communities:

- Direct pay - allows non-profits, state, local, and tribal governments to use tax credits
- Climate electricity investment credit and production credit (ITC and PTC) – important underlying credit used by government and nonprofit entities
- Low-income communities bonus credit – incentivizes projects in low-income areas
- Commercial clean vehicles credit – enables school bus and other fleet transitions
- Credit for charging infrastructure – only available in low-income and rural communities

Tax Credits

Threats	Examples
<p>Congressional Review Act (CRA): Rules submitted to Congress on or after August 1, 2024 are vulnerable to nullification through CRA.</p>	<ul style="list-style-type: none">• Absence of final rules dissuades filers from using the program.• Rules could be changed to make programs less effective or accessible.• Key programs with rules vulnerable to CRA: low-income communities bonus credit, ITC/PTC tech neutral rules.
<p>Repeal or amendments: Congress could repeal or modify IRA tax provisions in the budget reconciliation legislation.</p>	<ul style="list-style-type: none">• Commercial clean vehicle credit (45W) – risk of repeal• ITC/PTC – risk of credit caps, early sunsets• Direct pay – risk of repeal
<p>Implementation: The IRS could slow processing of credit refunds or cancel taxpayer assistance efforts.</p>	<ul style="list-style-type: none">• Eliminating IRS office hours for direct pay and other direct pay outreach• Audits of direct pay applicants

Recommendation: Encourage as many projects as possible to get underway in tax year 2025

Wrapping Up

Overarching Recommendations

1. **Encourage continued uptake of funds** while they are available, especially tax credits.
2. **Avoid orphan projects** by defending against clawbacks and delays of obligated federal funds and identifying alternatives to federal funding.
3. **Support community readiness to implement projects**: increasing readiness is a win-win, regardless of availability of federal funding.
4. **Help defend the IRA** by demonstrating IRA benefits to your jurisdiction.

Resources

- **Reconciliation Basics:** [What to track for 2025](#) | [Process overview](#)
- **Impoundment Basics:** [FAQs](#) | [Briefing on 2025 threats](#)
- **Awardee support:** [L4GG legal clinic](#) | [EPN support](#)
- **Select source materials on legal threats:** [Sabin Center](#) | [Holland & Knight](#)



Featured Discussion



General Manager, Internal Services
Los Angeles County
Minh Le



Los Angeles County ISD Energy & Environmental Services

Ensuring Climate Progress with Federal Assistance with a new Administration

January 14, 2025

Elections have consequences

- Incoming administration believes that they have a mandate and will make changes
 - Single party controls House, Senate, and has a conservative court
- In any normal change of parties, we should expect some changes
 - Priorities of agencies shift with policy
- However, this **will not** be a “normal” transition

Trump 1 (2017-2021) vs Trump 2 (2025-)

- During Trump 1, clean energy continued to make significant progress, federal agencies did their work and agency funding for the most part did not change dramatically
- Grants were awarded and funding made its way out of DC to all parts of the US
- Some policy changes that Trump 1 was driving got hung up in the courts and the clock ran out
- Incoming administration is more organized and have a Project 2025 playbook to work from

“DOGE”

- Normally we expect attrition in federal staff around 6%
- Some agencies may see more than 10%, possibly 20%
- Return to the office
 - Some agencies allowed 90% telework
 - Leases were given up
 - New generation of workers

\$4.5 Trillion Tax Package

Congressional Budget Office (CBO) score on the cost to extend the Tax Cut and Jobs Act (TCJA) through 2034

- Individual Income Tax Rates
- Child Tax Credit
- SALT
- Mortgage Interest
- Estate and Gift Tax
- Business Expenses (bonus depreciation, R&D, interest)

Campaign Promises

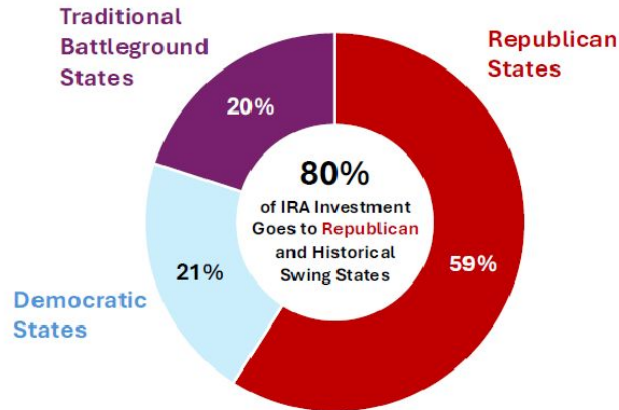
- Reduce corporate rate to 15%
- Eliminate taxes on tips, overtime, and Social Security
- Expand the Child Tax Credit
- Cap SALT deductions

IRA Tax Credits

Red and Purple States Have Benefited the Most from Tax Credits – Creating Jobs Across the Country and Support Energy Security

\$439B in Actual Investment from Technologies Eligible for IRA Tax Credits

July 2022 – June 2024

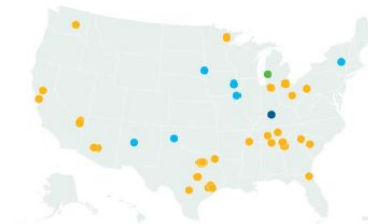


Source: Ciper | Rhodium Group and MIT CEEPR

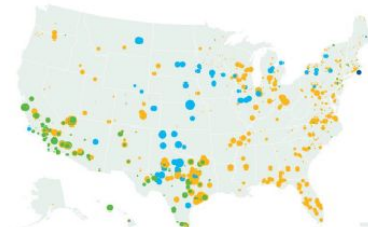
42 Manufacturing Facilities and 55 GW of New Utility-Scale Power Generation Online

● Solar ● Energy Storage ● Wind ● Offshore Wind

Manufacturing
Since Aug. 2022



Power Generation
Sep. 2022 – Mar. 2024

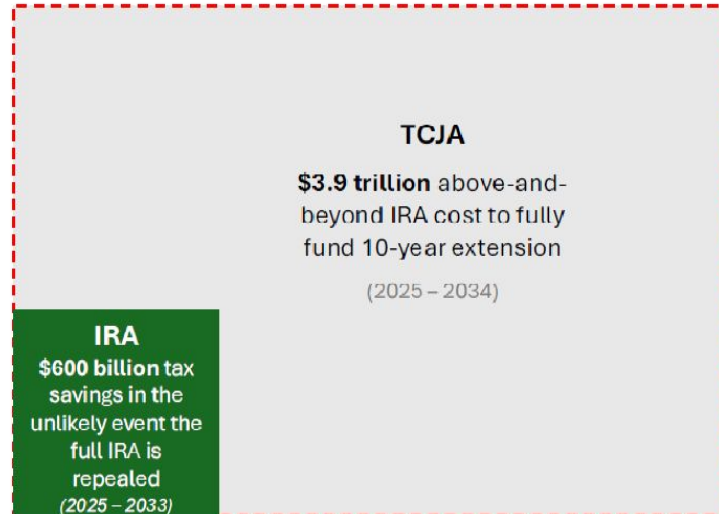


Source: American Clean Power Association

IRA Tax provisions > grants but is a significant size relative to TCJA

Estimated Costs of IRA in Proportion to TCJA

In Billions



Source: Congressional Budget Office | Joint Committee on Taxation

How to Navigate TCJA Cost Beyond IRA?

TCJA Extended for Shorter Period

Most likely scenario—the \$4.5 trillion estimate assumes a 10-year extension. A shorter window (e.g., two or four years) would reduce the cost.

Only Parts of TCJA Extended

This would require tough trade offs, but it is feasible to only extend parts of TCJA.

Tariffs

Trump's promise to enact sweeping tariffs may raise revenues—though economists warn secondary effects may worsen fiscal conditions.

Cuts to Other Government Spending Programs

Congress could consider other areas in the federal budget to scale back spending or reduce tax cuts.

Other Revenue Raisers

Congress could also look for other sources of new revenue (like the prescription drug negotiations in IRA).

Tax Credits for Local Governments

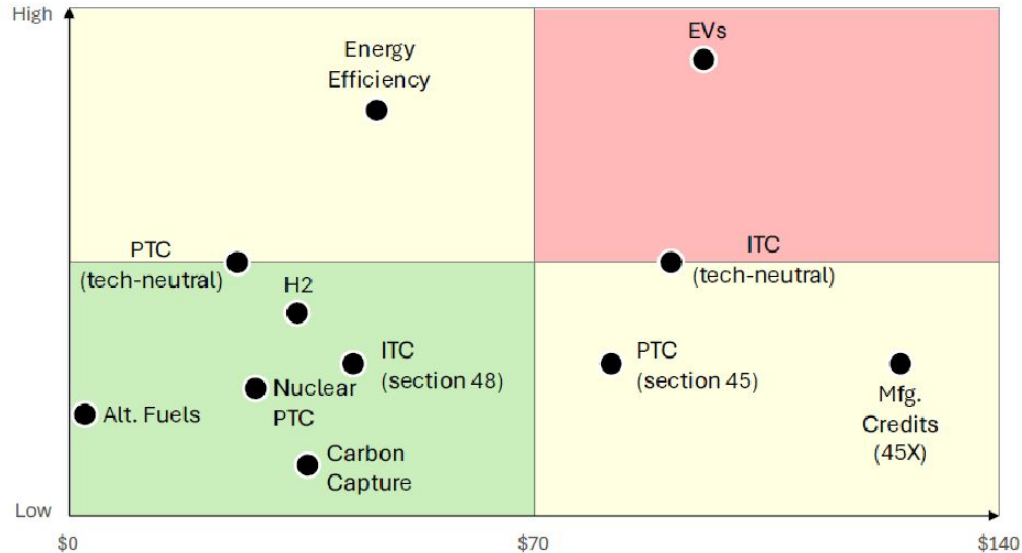
- IRA extended a number of important tax credits AND through **Elective Pay**, allowed local/state governments to directly benefit
 - Energy Investment Tax Credit (Section 48)
 - Solar/energy storage
 - Commercial Clean Vehicle Credit (45W)
 - EVs, H2 vehicles
 - Alternative Fuel Refueling Property Credit (30C)
 - EV/H2 Infrastructure
- EV tax credits is likely going to be eliminated
- Whether Elective Pay survives is questionable
- ***File for 2024 Elective Pay Tax Credits Early***

EV credits cost a lot and will be dropped

Each IRA Tax Credit Has its Own Risk Profile & Will Be Handled Differently

Political Risk with Republicans

Based upon public statements and proposed legislative efforts from Republican policymakers.



Cost Savings from Repeal or Modification to Extend TCJA

In billions; JTC analysis from May 2023 (modified to focus on costs in 2025 – 2033)

Protect the grants that you won

- Ensure that award agreements are signed before 1/20
 - Awarded funding has already been appropriated by Congress
- Incoming administration will place an immediate moratorium on all grant awards, rules and regulations
 - Does not mean that grants will not be made, it will add significant delay and uncertainty
- Stick to the Statement of Work and other provisions of the grant award
- Execute, Execute, Execute
- Federal staff overseeing awards will be in flux

Don't expect many new grant opportunities

- Grant programs that spoke about climate change will be eliminated
 - In some cases, focus on the work, not the “why”, change the narrative and much progress can still be made
- President's budget request will zero out some whole agencies or big parts of agencies
 - However, Congress would need to approve
 - Trump 1 budget proposals cut DOE EERE by 70%, eliminated ARPA-E, and LPO, and EPA budgets by over 30% however, Congress did not adopt that budget and those offices continued

Use the opportunity to hire federal staff

- Action on climate now moves to the states and local level
- Help and learn from each other



Q&A and Discussion

Audience Prompt:

Please share your concerns or strategies
related to federal funding

Add comments or questions to the chat or raise your hand

BPC Workshop

Topic: Discussion



Local Energy Resources Network



What's Next?

- Bonus Breakouts up next!
- Next meeting **February 11, 2025**
- Share [invitation](#) with others

Thanks for a great year!
Happy Holidays!



Optional: Bonus Breakouts

Thanks for joining us!

This is a space for informal discussion among the LERN network. Feel free to:

- Offer an announcement, success story, or opportunity
- Share a need for information, collaborators, or advice
- Raise a suggested topic or speaker for future LERNS

If you need an in-depth discussion, you can pitch a specific bonus breakout topic and invite others to join you (today or we can plan ahead for next month)



CCEC Serves Local Needs



wEEkly Update



CURRENTS Quarterly



Webinars



Annual Forum



Active Funding Opportunities



Funding Program Database



Technical Assistance



Technical Assistance Directory



Local Government Roundtables



Best Practice Database



Interviews and Case Studies