

Central Appalachian Network

CLEAN ENERGY POLICY PRIORITIES

POLICY BRIEF

JULY 2021



Central Appalachian Network

A photograph of a lush green forested hillside with solar panels in the foreground. The solar panels are mounted on a metal frame and are tilted towards the sun. The background shows a dense forest of tall trees, with some mist or smoke rising from the forest. The overall scene is a mix of nature and renewable energy technology.

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INTRODUCTION

The Central Appalachian Network's (CAN) mission is to develop and deploy economic strategies that build wealth in local communities, conserve natural and cultural resources, and empower marginalized communities. We work in collaboration across sectors, partnering with other non-profits, community groups, funders, educational institutions, local governments, and private businesses. CAN actively supports economic transition in Central Appalachian communities through a variety of economic sectors and market-based strategies, and currently focuses on food systems, clean energy, and creative placemaking.

CAN is a network of networks, anchored by a Steering Committee of seven non-profit organizations. CAN's sector-focused networks coordinate regional analyses and strategies in areas like Food & Ag, Clean Energy, and Creative Placemaking. Our network of practitioner partners includes more than 50 organizations working on community economic development, including non-profits, local government agencies, lenders, community groups, social enterprises, and academic institutions. CAN's roles include supporting peer-to-peer learning, collaborative strategies, organizational capacity-building, cross-sector partnership, demonstration projects, in-person convening, and field-building research and publications.

CLEAN ENERGY FOCUS

Central Appalachia has long been a leader in the nation's energy economy. With the decline of the coal industry and its related jobs and supply chains across the region, we face an urgent need and opportunity to embrace the new energy economy's potential in Appalachia.

Energy efficiency and renewable energy have been repeatedly identified as potential economic leverage points for the region's transition. The new energy economy is symbolically important as we shift from a fossil-fuel based economy regionally and nationally. Renewable energy usage and improved energy efficiency will be critical for limiting contributions to climate change. They also present tangible and short-term economic benefits for the region.

Energy efficiency is commonly described as the low-hanging fruit of the new energy economy, because we already have the technology, expertise, and identified need (or latent demand) to make it work. Appalachian communities are disproportionately affected by energy-inefficient homes and buildings and stand to benefit greatly from expanded retrofitting services. Small- and medium-sized businesses in rural communities are disproportionately burdened by crippling energy costs.

At the same time, renewable energy, particularly solar energy generation, is well-suited to rural areas that have affordable land, with abandoned mine lands holding particular promise for solar generation and other clean energy installations. Energy efficiency and renewables hold great potential for business and employment growth, with green-collar jobs identified as a fast-growing workforce category. These types of jobs have significant benefits for working class families in the region, as they are well-suited to retraining efforts for workers with experience in manufacturing, mining, and other industries.

Aligning Clean Energy Strategies

To capture the region's emerging clean energy opportunities, these opportunities must first be fully understood and approached with optimal coordination and strategic alignment among actors working in the clean energy space in Central Appalachia. To that end, CAN has focused our efforts in this sector on building peer networks of strong relationships and shared frameworks among clean energy practitioners and advocates. We've also worked to plug gaps in our collective knowledge, analysis, and toolkits.

CAN CLEAN ENERGY WORKING GROUP

The members of the CAN Clean Energy Working Group include:

- Mountain Association (KY)
- Housing Development Alliance (KY)
- Fahe (KY)
- Rural Action (OH)
- Solar United Neighbors (OH)
- Coalfield Development Corp. (WV)
- Solar United Neighbors (WV)
- The Nature Conservancy (WV)
- Energy Efficient West Virginia (WV)
- Natural Capital Investment Fund (WV/NC)
- Appalachian Voices (TN/NC/VA)
- TN Advanced Energy Business Council (TN)
- Sustainable Ohio Public Energy Council (OH)



EXECUTIVE SUMMARY

Upon request from the Appalachian Funders Network (AFN), the Central Appalachian Network (CAN) Clean Energy Working Group (CEWG) has compiled the following list of shared federal policy goals, ranked in general order of priority. The policies in this list are drawn from and informed by several sources: the Biden Administration's American Jobs Plan; the Just Transition Fund's National Economic Transition (NET) platform; ReImagine Appalachia's blueprint for A New Deal That Works for Us; and the 30 Million Solar Homes campaign led by Solar United Neighbors, the Institute for Local Self-Reliance, and the Institute for Energy Justice.

This document reflects the prevailing consensus of CAN Clean Energy Working Group members regarding our shared federal policy priorities. It is a living document that may be revisited and updated as federal policymaking efforts advance certain of these goals more quickly than others.

SOLAR INVESTMENT TAX CREDIT (ITC)

Expand and extend the federal Solar Investment Tax Credit (ITC) to ensure equitable benefits are accessible to low- and moderate-income households, people with low tax liability, and non-profit institutions.

- Restore the cash grant option¹ for the residential and commercial Solar ITC for projects under 2 megawatts, allow full, immediate credit refundability, and explicitly confirm eligibility for community solar ownership shares and stand-alone energy storage systems.
- Restore the Solar ITC to 30% for residential, commercial, and industrial-scale projects.
- Extend the cash grant/tax credit through the next 10 years, including a gradual sunset period. Ensure the 10-year extension includes parity for individuals (Section 25D) and corporations (Section 48), which would include a permanent 10% ITC for Section 25D. Currently, Section 25D steps down to 0% whereas Section 48 remains at 10% permanently. Both credits should remain at 10% indefinitely after the 10-year period.
- Clarify that 501(c) organizations and other non-taxable entities, such as churches, local governments, and rural electric cooperatives, are eligible for a cash grant/direct pay version of the Solar ITC.

¹ The Obama Administration's American Recovery and Reinvestment Act of 2009 (ARRA) enabled ITC-eligible projects to elect a cash grant of equivalent value.

USDA RURAL ENERGY FOR AMERICA PROGRAM (USDA REAP)

Expand the U.S. Department of Agriculture (USDA) Rural Energy for America Program (REAP) for solar and energy efficiency projects in rural areas.

- Increase baseline funding for USDA REAP, which currently provides grants and loan guarantees to rural small businesses and agricultural producers, to at least \$10 billion over five years.
- Expand program eligibility to non-profits serving rural areas.
- Increase available cost share for REAP grants from 25% to 50% of total eligible project cost.
- Lower the eligibility threshold for agricultural producers to at least 25% (from 50%) of gross income from on-farm operations. Alternatively, tie eligibility to filing farm property taxes without any income requirement.
- Prohibit REAP funding eligibility for concentrated animal feeding operation biogas/biomass or incineration projects or lower the maximum size caps for such operations (e.g., 1k animal units maximum).
- Provide additional funding to technical assistance providers for REAP applicants, to help develop projects, prepare grant applications, and support project implementation.
- Award additional points during the grant review process to businesses and non-profits serving marginalized communities.

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

Expand the U.S. Department of Health and Human Services (DHHS) Low-Income Home Energy Assistance Program (LIHEAP) to include rooftop solar and community solar access.

- Fully fund LIHEAP to serve all eligible households at an approximate cost of \$150 billion total over the next five years, and provide multi-year LIHEAP funding to give grantees consistency.
- Expand maximum income eligibility for LIHEAP to the higher of 200% of the Federal Poverty Level (FPL) or 80% of State Median Income (SMI).
- Create a national solar carveout in the LIHEAP Transfer mechanism (EAP-WX)² by requiring 50% of LIHEAP Transfer funds be used by grantees and service providers to deploy rooftop solar that will be owned by eligible households and/or purchase community solar subscriptions for eligible households.
- Clarify that providing rooftop solar and annually transferable community solar shares/subscriptions is an eligible use of LIHEAP Transfer funds.
- Renew funding for the LIHEAP Residential Energy Assistance Challenge (REACH) competitive grant program for innovative projects that help low-income households increase energy self-sufficiency through solar energy, with at least \$5 billion total available over the next five years.
- Integrate federal program expansion with increased funding and support for technical assistance for state program development and implementation.
- Include measurements of individual health impacts and benefits as part of this program.

² LIHEAP Transfer funds are a subset of the LIHEAP block grant that can be spent on efforts to increase low-income households' energy self-sufficiency, such as through referral services and weatherization, instead of direct bill assistance. This would NOT take away money from direct payments of energy bills.

RECLAIM ACT

Fund reclamation of historic abandoned mine sites.

- Pass the RECLAIM Act to direct \$1 billion over five years to reclaim abandoned mine lands and repurpose them for community-supported economic development projects like solar farms, recreation areas, and sustainable farming and forestry.
- Reauthorize the federal Abandoned Mine Land (AML) fee paid on each ton of coal mined.
- Place covenants to prevent re-mining of AMLs.
- Set a sufficient fee amount to cover the anticipated funding shortfall for reclaiming all known AML sites, as reported by the Office of Surface Mine Reclamation and Enforcement and state agencies.

US DEPARTMENT OF ENERGY'S WEATHERIZATION ASSISTANCE PROGRAM (WAP)

Expand the U.S. Department of Energy's Weatherization Assistance Program (WAP) to reduce long-term energy burden on low-income households.

- Increase WAP funding to provide approximately \$50 billion total over the next five years.
- Expand maximum income eligibility for WAP to the higher of 200% FPL or 80% SMI. However, continue to require that grant approvals prioritize households with disabled and elderly residents and children, and institute an additional requirement for prioritizing households with high energy cost burdens.
- Enable greater use of WAP funds to deploy rooftop solar by providing more federal guidance and assistance on incorporating solar into grantees' annual weatherization plans.
- Eliminate the overall household spending limit for WAP to ensure all cost-effective measures are installed, and eliminate the household spending limit on renewable energy measures.
- Prioritize households with high energy burdens who are turned down for weatherization improvements (i.e., "walkaway" deferral) for rooftop or community solar provided through WAP, LIHEAP, or other programs.
- Increase the amount of WAP funding that may be used to cover administrative costs to 10% of total grant funding for local Community Action Agencies (CAAs) in order to facilitate the ability of CAAs to absorb and distribute the expanded WAP funding.
- Include measurements of individual health impacts and benefits as part of this program.

WORKFORCE DEVELOPMENT

Support workforce and business development programs that help underrepresented groups and communities gain employment and start businesses in the solar and energy efficiency industries.

- Fund training programs to build a workforce capable of meeting increased demand for weatherization audits, implementation, and test-outs, with focus on training women, BIPOC, and other marginalized groups.
- Increase funding for Corporation for National Community Service (CNCS) programming to develop and implement an expanded Solar Corps Fellowship Program, replicating the GRID Alternatives model currently operating in California, to all U.S. states and federal territories.
- Implement the policy priority stated in President Biden's January 2021 Executive Order on Tackling the Climate Crisis at Home and Abroad to establish a Civilian Climate Corps through the US Department of the Interior and the US Department of Agriculture.
 - Invite representatives from rural communities to serve on the Task Force that will establish program goals and priorities.
- Expand the EPA Brownfields program with designated funds to repurpose former coal sites for new development. Coordinate with the US Department of Labor to ensure that cleanup programs hire retrained workers from affected communities.
- Spur domestic electric vehicle (EV) supply chains, support American workers to make batteries and EVs, and ensure re-use and recycling of batteries.
- Invest \$46 billion for federal procurement of domestically manufactured clean energy goods and materials, including EVs, charging ports, electric heat pumps, and other critical clean energy technologies.

CLEAN ENERGY INVESTMENT

Catalyze private investment in equitable solar energy by increasing access to private capital for clean energy projects in marginalized communities.

- Authorize at least \$50 billion in Clean Energy Victory Bonds, modeled on World War I Liberty Bonds, to finance clean energy investments and programs at the federal, state, and local levels.
 - Reserve at least half the revenue for financing distributed rooftop solar and community solar projects up to 5 MW.
 - Reserve half of that carveout, or 25% of total bond revenue, for distributed solar projects that are owned by, reduce the energy bills of, or otherwise benefit members of marginalized communities.
- Create a National Loan Loss Reserve at the US Department of the Treasury with at least \$1 billion to de-risk Community Development Financial Institution (CDFI) investments in an equitable clean energy transition, including on-bill financing programs for clean energy and energy efficiency improvements.
- Create a competitive grant program at the US Department of the Treasury with at least \$500 million available in total over the next five years to provide seed funding to CDFIs to establish their own local loan loss reserves to support solar financing programs, including on-bill financing programs, in marginalized communities.
- Establish a National Green Bank that includes initial capitalization for newly established green banks at state and local levels through grant funding, loan guarantees, and fund matching.

FLEET ELECTRIFICATION

Electrify the transport sector.

- Give consumers point-of-sale rebates and tax incentives for low- and moderate-income households to buy American-made EVs. Include a tax rebate or grant option.
- Establish grant and incentive programs for state and local governments and the private sector to build a national network of 500,000 EV chargers by 2030, while promoting strong labor, training, and installation standards.
- Electrify the federal fleet, including the U.S. Postal Service, and electrify at least 20 percent of the U.S. school bus fleet to replace 50,000 diesel transit vehicles through the Diesel Emissions Reductions Act (DERA) National Grants Program at the EPA, with support from USDOE.
- Provide public funding to enable government fleets to prepare for and deploy electrified public transit (e.g., trains, buses, e-bikes, e-scooters).

COMMUNITY SOLAR

Ensure all households can access the benefits of community solar, including in states currently lacking enabling legislation.

- Amend the Public Utilities Regulatory Policies Act (PURPA) to require all state utility regulators and non-regulated utilities to develop rules for establishing equitable community solar programs at all electric utilities.
- Rules must include provisions for making data on project characteristics — possibly including information on participant demographics (residential, commercial, or community organization; income class; race; EJ designation), owners and ownership structure, compensation rate, bill savings, availability of on-bill financing, developer, utility, and siting — publicly available, to assess program success and inform improved equitable policy and project design.
- Create a new DOE financing program to provide loans and loan guarantees to community-owned, equitable community solar projects up to 5 MW. Provide at least \$200 million total over the next five years in forgivable loans for pre-development activities, including site screening and capital stack formation (with loans worth 20% of total project cost available for projects up to 100 kW, and loans worth 10% of total project cost available for projects over 100 kW and up to 2 MW). Provide at least \$1 billion total over the next five years in loan guarantees for installation costs to lower the cost of capital. Eligible projects must:
 - Be an equitable community solar project,
 - Be under or equal to 5 MW in scale, and
 - Dedicate at least 50% of capacity to serving low- and moderate-income households and households in marginalized communities.

ENERGY EFFICIENCY AND CONSERVATION

Provide community financing for solar and efficiency projects through block grants to local and state governments.

- Reauthorize USDOE's Energy Efficiency and Conservation Block Grant program with at least \$25 billion available over the next five years.
- Expand the eligible use of funds to include deploying rooftop and community solar for households, small businesses, and community institutions in marginalized communities, in addition to funding solar financing programs.
- Provide technical assistance and capacity building for block grant recipients using funds for solar programs.
- Provide technical assistance and guidance to HUD Community Development Block Grant (CDBG) and CDBG Disaster Recovery recipients to help establish local loan loss reserves (possibly in partnership with a local Community Development Financial Institution) to support financing programs for solar energy that are accessible to members of marginalized communities.
- Develop a Section 108 Renewable Energy Loan Guarantee program to promote the use of CDBG Section 108 loan guarantees to finance solar energy development in marginalized communities, including community solar installations and local solar financing programs.
- As part of the initiative, create an accelerator program for local economic development offices and officials to incorporate solar energy into economic development and technical assistance on the Section 108 Renewable Energy Loan Guarantee program.

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) DISASTER RECOVERY

Coordinate Federal Emergency Management Agency (FEMA) disaster recovery and mitigation aid with other federal efforts to deploy solar energy and energy storage to make communities more resilient.

- Incentivize and prioritize renewable energy deployment in FEMA's National Response Framework.
- Create a national resilience grant through DOE for projects that reduce community vulnerability to disasters through distributed solar-plus-storage in marginalized communities.

LOW INCOME SOLAR ACCESS

Expand inclusive financing programs to make solar and energy efficiency improvements accessible to renters, low- and moderate-income households, and people without high credit scores.

- Provide \$50 billion/year in grants and low-interest loan financing for low-income household repairs, to be administered by HUD and/or the USDA Single Family Housing Repair Loans and Grants program.
- Expand eligibility to include all low-income households (at or below 200% FPL), while continuing to prioritize homes with children and older or disabled adults.
- Improve participation in USDA programs, such as the Rural Energy Savings Program (RESP) and Energy Efficiency and Conservation Loan Program (EECLP), that provide capital for solar- and efficiency-inclusive financing projects by increasing promotion, outreach, and assistance to potential borrowers.
 - Require USDA to thoroughly reform these programs and eliminate barriers to participation.
 - Extend the maximum loan repayment term from 10 years to at least 15 years for households and small businesses that receive financing for renewable energy and energy efficiency improvements through RESP-funded programs. (Financed improvements must have a positive return on investment.)
 - Increase funding for RESP to at least \$500 million annually.
 - Guarantee the interest credit appropriation (which is Congressionally appropriated each year) for a period of no less than 10 years.
 - Reduce collateral requirements from 100%.

SOLAR SCHOOLS

Fund solar on schools by creating a federal grant program at DOE with at least \$5 billion available in total over the next five years for schools that install rooftop solar and reinvest the energy savings into school operations, teacher salaries, and/or classroom materials.

- Prioritize K-12 schools but make higher education facilities that serve under-resourced students eligible for any remaining funds. Further prioritize schools that have high energy burdens, and reserve at least 75% of the grant funds for schools that serve marginalized communities.
- Grants start at 40% of the system cost and increase to 80% for schools that serve marginalized communities.
- Include technical assistance for Title 1 schools for system design, application assistance, and project implementation.
- Include measurements of individual health impacts and benefits as part of this program.

ENERGY SOVEREIGNTY

Preserve the right of customers to self-generate electricity.

- Direct DOE to work with Jurisdictions Having Authority (JHAs) through the national SolSmart program to lower barriers and ensure equitable access to the ability of homeowners to deploy solar energy on their properties.
- Amend the Public Utilities Regulatory Policies Act (PURPA) to require all utilities seeking or approved for market-based rate authority (and with distributed solar capacity of less than 15 percent of peak demand) to allow customers to receive credit for their on-site power generation, with the following provisions:
 - All generation less than or equal to a customer's monthly consumption must be credited at no less than the retail electricity rate.
 - Generation credits in excess of consumption are rolled over month-to-month for at least one year.
 - Net excess generation produced in excess of 120% of annual consumption receives compensation no less than the wholesale energy rate.
 - Nothing in these provisions preempts policies with higher compensation, longer credit rollover, or retail rate compensation for higher percentages of on-site consumption.
- Prohibit the Tennessee Valley Authority and federal Power Marketing Administrations from creating rate structures that hinder net energy metering or allow solar-specific fees.

CLIMATE MITIGATION STRATEGIES

ENERGY EFFICIENCY AND CLEAN ELECTRICITY STANDARD (EECES)

- Establish a federal Energy Efficiency and Clean Electricity Standard (EECES) to rapidly move the U.S. electricity sector toward cleaner sources of energy, with a goal of 100% clean electricity by 2035.

RURAL ELECTRIC COOPERATIVES

- Establish conditional, federal hardship loan forgiveness of \$100 billion for rural electric cooperatives, facilitating the retirement of co-op coal plants and all electric cooperative debt in exchange for new investment in clean energy, distributed energy resources, energy efficiency, and other priorities.

