

Guide to Leveraging Federal Funding for Sustainable Climate Solutions

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A Message from Our Co-Chairs

The escalating threats posed by the climate crisis demand swift action from state and local policymakers. An influx of substantial federal funding has created a plethora of opportunities to advance an “all of the above” strategy to implement a blend of established and innovative policies. It's vital to equip leaders nationwide with essential information and resources to capitalize on this moment. To dramatically reduce dirty emissions and achieve clean energy goals, state and local leaders now have new opportunities to pursue new technologies and innovations, drive sustainable practices, and enhance climate resilience. By investing in various sectors, including energy, transportation, and infrastructure, policymakers can drive sustainable economic growth, especially in underserved communities. The following are key takeaways from months of discussions with policymakers and other experts and thought leaders. Let's ensure we take full advantage of recent momentum and maximize the impact of increased federal support for a clean energy future.

NewDEAL Forum Climate Policy Group Co-Chairs California Sen. Ben Allen; New Hampshire Sen. Rebecca Perkins Kwoka; and Newport News, Virginia, Mayor Phillip Jones

1) Seize the Moment to Harness Federal Funding and New Programs to Advance Your Climate Goals

Funding Complexity

While the amount of funding and the number of available grants and programs may feel overwhelming, there are various resources available to help state and local leaders navigate the new opportunities. Experts recommend that policymakers assess their community's climate goals and take full advantage of public and nonprofit resources available to them, including by working on [community benefits plans](#). They can play a role as project developers and use their convening powers to bring together community leaders and advocate for projects that will bring real benefits to the community. **Tools to navigate funding opportunities and receive technical assistance and expertise, include:**

- **The Milken Institute's [Community Infrastructure Center platform](#):** Connects communities to federal and non-federal funding sources as well as to project readiness tools that can help develop investment-ready projects. The platform is working to accelerate the development of a robust pipeline of shovel-worthy climate infrastructure projects, focusing on promoting long-term resilience and equitable growth in underserved rural, urban, and tribal communities.
- **The Electrification Coalition created a [guide](#)** for eligible federal funding recipients to support the electrification of the transportation sector. The tool is designed to help cities, school districts, and states understand funding streams and provide technical assistance for their applications. As funding

opportunities evolve, the tool will be regularly updated, featuring hypothetical case studies and showcasing successful applications, innovative ideas, and leadership in the field.

- **The [Local Infrastructure Hub](#)** is a national program designed to connect cities and towns with the resources and expert advice they need to access federal infrastructure funding. The site provides resources and courses on various aspects of the IRA, including a primer on [Direct Pay](#), which “provides direct financial assistance to cities, non-profit organizations, and other tax-exempt entities to defray the costs associated with clean energy investments,” by receiving benefits that are normally given as tax credits
- **The Department of Energy’s [Loan Programs Office \(LPO\)](#)** received \$40 billion from the Inflation Reduction Act for additional loan guarantee authority to fund clean energy projects. While the office traditionally provides funds to support innovative technologies, the requirements have been changed to allow a wider range of projects to receive funding, including those that advance already proven technologies, such as school bus electrification, programs to help individuals make energy efficiency upgrades to homes, and [more](#). The LPO is eager to connect with state and local policymakers and provide guidance on projects. Find further guidance [here](#) and contact [Hans Riemer](#), LPO Senior Consultant, for more information.

Policy examples

Colorado Senator Chris Hansen: [SB22-215](#), the Regional Grant Navigator Program, created an "Infrastructure Investment and Jobs Act" (IIJA) cash fund to be used for state and local matching funds required to receive federal support. Matching funds are often a barrier for many local governments to be eligible to apply for and receive federal approval for certain categories of infrastructure projects. The program has already helped rural communities across the state secure [\\$35 million](#) in funding from IIJA, also known as the Bipartisan Infrastructure Law (BIL).

Milwaukee Mayor Cavalier Johnson is leading the adoption of his [Climate and Equity Plan](#), funded largely by the federal Inflation Reduction Act (IRA). Targeting a 45 percent reduction in greenhouse gas emissions by 2030 and net-zero emissions by 2050, Johnson is integrating the initiative into the city's broader comprehensive plans, focusing on enhancing sustainability and promoting social justice. These efforts include increased tree-planting, construction of energy efficient homes, expansion of electric vehicle charging stations, and the development of green job opportunities.

2) Harnessing Innovation and Emerging Technology

New federal resources are available to propel the development and deployment of cutting-edge solutions while also supporting the scaling-up of proven technologies. The funding provisions are designed to accelerate the transition to a sustainable future by incentivizing the adoption of clean energy sources, promoting energy efficiency, and advancing technologies capable of removing carbon dioxide from the atmosphere. This dual focus on innovation and proven approaches underscores the need for a comprehensive strategy to address the urgent challenges posed by climate change, while fostering a robust and resilient foundation for a greener, more sustainable future. Find additional information and guidance in the Forum’s guide on [Carbon Dioxide Removal Technology](#).

Incentives for Innovation in Emerging Technologies - Carbon Dioxide Removal

Policymakers have a unique opportunity not only to accelerate the transition to clean energy, but also to

champion innovative technologies that remove carbon dioxide from the atmosphere and store it safely, or use it in valuable products like low-carbon cement. Key among these technologies is large-scale direct air capture (DAC), which is proving its feasibility in ongoing research and 18 operational facilities in Europe, the USA, and Canada. The Bipartisan Infrastructure Law includes [four programs](#) specifically targeted at injecting \$3.7 billion to kick-start the carbon dioxide removal industry. The programs are in various stages of implementation and the [Carbon Utilization Procurement Grants](#) program is still accepting applications.

Available federal funds

[Carbon Utilization Procurement Grants](#) - \$100 million to provide grants to **states, local governments, and public utilities** to support the commercialization of technologies that reduce carbon emissions while also procuring and using products developed from captured carbon emissions.

State and local leaders play a crucial role in advancing carbon removal methods and creating blueprints for federal action and investment. Streamlining the permitting process and gaining community support are vital for successful project implementation and can lead to economic development, job creation, and enhanced community well-being.

Policy examples

North Dakota House Minority Leader Josh Boschee [touted the successful launch of a large-scale CO2 capture project](#), which is backed by state and federal financial support. Boschee underscores the project's emphasis on private-public partnerships, showcasing collaboration between the private sector, state government, and the recently expanded federal tax credit, 45Q, encouraging carbon capture. The project, benefiting from state and federal backing, aims to sequester CO2 from the state's largest coal plant, utilizing local geography for the safe storage of millions of metric tons of carbon dioxide.

Colorado Senator Chris Hansen's [HB23-1210](#) will ensure that carbon management projects (i.e. carbon storage and direct air capture) are eligible for grants from the state's [clean air grant program](#) under industrial and manufacturing operations. It also provides for the creation of a carbon management roadmap.

3) Cleaner Transportation and Accelerating the Transition to Electric Vehicles

As the [single-largest contributor to the country's greenhouse gas emissions](#), cleaning up and electrifying the transportation sector is pivotal to combating climate change. State and local leaders must play a central role in effectively implementing federal funding opportunities to both support consumers and improve efficiencies, usability, and flexibility, all while ensuring that electric vehicles (EVs) are as environmentally responsible as possible. These opportunities include grants for EV infrastructure development, such as expanding access to EV chargers; substantial financial incentives for the development and adoption of electric vehicles; credits to encourage consumers to purchase electric vehicles; and research funding to advance battery technology and charging infrastructure efficiency and safety.

Key funding streams for state and local leaders

EV Charging

- \$5 billion from BIL for the [National Electric Vehicle Infrastructure \(NEVI\) Formula](#) for states to strategically deploy electric vehicle charging stations.

- \$2.5 billion from BIL for [Charging and Fueling Infrastructure \(CFI\)](#) grants to deploy publicly accessible electric vehicle charging and alternative fueling infrastructure in urban and rural communities. Eligible applicants include metropolitan planning organizations; U.S. territories; special purpose districts and public authorities; and state, local, and tribal governments.

Medium- and Heavy-Duty Vehicles

- \$5.6 billion from BIL for the [Low or No Emission \(Bus\) Grant Program](#) for states and local governmental authorities.
- \$5 billion from BIL for the [Clean School Bus](#) competitive grant program.

Policy examples

California Senator Ben Allen has proposed legislation recognizing the environmental impact of the metals required for manufacturing EV batteries. SB 615 is a forward-looking bill, aimed at ensuring the increased production of electric vehicle batteries is done sustainably by recovering reusable component parts of EV batteries, transforming them to power the next generation of electric vehicles. The bill would require battery or vehicle manufacturers to reuse old batteries when possible and ensure all batteries are recycled at the end of their useful life.

Climate Mayors' EV Purchasing Collaborative seeks to leverage the collective buying power of city governments, county governments, transit agencies, port authorities, and colleges and universities, accelerating the conversion of municipal fleets to electric.

4) Cleaner, Cheaper, and More Reliable Energy

Unlocking the full potential of renewable energy demands strategic investments not only in the clean energy sector, but also in energy grid modernization and enhancements. While new federal funding is available to propel the renewable energy transition, state and local leaders will play a critical role in implementing transmission reforms for all homes and businesses. The modernization of the electric grid is critical for national resilience, ensuring a dependable and sustainable energy supply that seamlessly integrates power from new sources such as solar and wind producers. A more robust energy infrastructure will unlock economic opportunities, foster innovation, and create jobs.

Policy examples

New Hampshire Senator Rebecca Perkins Kwoka: Introduced a bill package focused on grid modernization and the enhancements to deliver clean energy and [save money in the long run](#). [SB 391](#) would create a pathway for residents to connect their own energy generators to the state's grid. [SB 550](#) would require electric utilities to forecast energy usage for the next decade and come up with a plan to modernize the grid to accommodate the state's energy needs. [SB 450](#) creates a Modernization Advisory Group to develop long-term transmission planning to invest in grid modernization.

Boise Mayor Lauren McLean has led the city to be on target for its ambitious climate goals. Her commitment to climate action is yielding tangible results, with recent data indicating a three percent decline in carbon emissions from 2020 to 2021. As part of a broader initiative to achieve carbon neutrality by 2050, the city is implementing various projects, including the electrification of city-owned buildings, with

plans to then help residents and businesses with electrification as well. Furthermore, the city is connecting new customers to geothermal systems and working closely with the energy utility to realize the broader transition to a city powered by renewable energy sources.

5) Developing a Strong Workforce for the Green Economy

The Domestic Content provision of the IRA aims to help maximize the economic benefits of the transition to cleaner energy by bolstering domestic manufacturing. This strategy centers on incentivizing manufacturers through a bonus system and a comprehensive suite of clean energy tax subsidies, covering solar, offshore wind, and energy storage. These subsidies, encouraging clean energy production, offer a 30 percent credit, creating high-quality construction jobs. An extra 10 percent bonus is granted for projects utilizing domestically-sourced materials, such as iron and steel.

The Domestic Content provision in the IRA has spurred new investments in every state, promising the creation of high-quality manufacturing jobs. Since President Biden signed the Inflation Reduction Act into law, companies have announced plans to build or expand [83 clean energy manufacturing facilities](#) nationwide.

Policy examples

Michigan Senator Sam Singh's [Senate Bill 519](#), signed into law in 2023, creates an office in the Department of Labor and Economic Opportunity to assist and retrain automotive and energy workers who will be impacted as industries shift from gas-powered vehicles and coal plants to EVs and renewable energy.

New Hampshire Senator Rebecca Perkins Kwoka's [HB 630](#) would establish a revolving clean energy accelerator fund, which would utilize federal and state funds to provide low- or no-interest loans to school boards, municipalities, and other organizations investing in clean energy projects. The fund could be used for improving the power grid to more efficiently store and transmit clean energy, helping schools acquire a fleet of clean electric school buses, or a myriad of other initiatives.

Other resources and contacts

- Climate Policy Group Resources:
 - [Carbon Dioxide Removal Guide](#)
 - [Clean Energy Solutions Financing](#)
- Contact Hans Riemer, Senior Consultant at Loan Program Office at the Department of Energy - hans.riemer@hq.doe.gov
- Results for America - Kenneth Megan, Director, Federal Practice, kenneth@results4america.org
- Climate Mayors - <https://driveevfleets.org/>
- [Third Way](#)

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