



AMERICAN PUBLIC GAS ASSOCIATION

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Ms. Julie Howe
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Submitted via email to EERevolvingLoanFund@ee.doe.gov

**RE: Comments on Department of Energy's Request for Information Pertaining to
"Designing Equitable, Sustainable, and Effective Revolving Loan Fund Programs"**

Ms. Howe:

The American Public Gas Association (APGA) appreciates the opportunity to provide comments in response to the U.S. Department of Energy's (DOE) request for information (RFI) pertaining to "Designing Equitable, Sustainable, and Effective Revolving Loan Fund Programs."

APGA is the trade association for more than 730 communities across the U.S. that own and operate their retail natural gas distribution entities.¹ They include not-for-profit gas distribution systems owned by municipalities and other local government entities, all locally accountable to the citizens they serve. Public gas systems focus on providing safe, reliable, and affordable energy to their customers and support their communities by delivering fuel to be used for cooking, clothes drying, and space and water heating, as well as for various commercial and industrial applications.

¹ More information available at www.apga.org.

On November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act (IIJA),² which appropriated \$250 million to DOE to make funds available to States to implement energy efficiency revolving loan fund (RLF) capitalization grant programs.³ As DOE explains, “[t]hese capitalization grants enable States to establish a RLF to provide loans and provide grants for commercial and residential energy audits, energy upgrades, and retrofits among other activities.”⁴ While many States have experience running RLFs, such as through use of funds made available from the American Recovery and Reinvestment Act of 2009,⁵ the IIJA offers a new opportunity to support the establishment of new RLFs where they do not currently exist or to augment and diversify offerings of existing RLFs. As enacted, the IIJA offers States flexibility in designing and implementing these RLFs, within limits set by the statute and the Secretary of Energy.⁶

As energy providers, APGA member gas systems are environmental stewards, prioritizing sustainability, emissions reductions, and anything that may positively affect their impact on the environment. As DOE works to develop guidelines for energy efficiency RLF capitalization grants, APGA urges the agency to create program guidance that can leverage public utilities, especially the workforce and existing assets, and natural gas more broadly to support the goals of the IIJA. To facilitate this, we offer the below comments.

Comments

APGA supports goals to reduce greenhouse gas emissions in the United States, including through energy upgrades and retrofits. As a cost-effective, reliable, and efficient energy source, consumers value the ability to choose natural gas as an energy solution that works best for their budgets and lifestyles. Given its growing domestic supply and safe, reliable, and efficient delivery system reaching almost every home and business in America, the direct use of natural gas in buildings is an important part of our country’s energy future and a pathway to addressing global warming. In fact, natural gas has been a big driver behind our country’s declines in carbon emissions- notably, America’s gas utilities have added 30 million residential customers since 1970 with virtually no increases in emissions.⁷

However, in reaching these ambitious targets, which will be facilitated by the RLF program DOE is working to develop, APGA cautions against misguided policies that put all our “eggs in one basket” by eliminating Americans’ ability to choose the energy source best fit for their needs and budget. The IIJA’s authorization of this RLF program does not favor one energy source over another, so APGA encourages DOE to maintain that fuel neutrality as it develops its program and associated guidance. Every jurisdiction has different resources and needs to serve, so overly

² Public Law 117-58 (IIJA).

³ IIJA Sec. 40502, or 42 U.S.C. 18792.

⁴ <https://eere-exchange.energy.gov/Default.aspx#Foald6ffe54f9-73cc-43bb-8bf3-8f1f016ccaac>.

⁵ Public Law No. 111-5.

⁶ IIJA, Section 40502.

⁷ American Gas Association, “Implications of Policy-Driven Residential Electrification,” <https://www.aga.org/research/reports/implications-of-policy-driven-residential-electrification>.

prescriptive RLF guidance will not only be economically burdensome to some communities but might also miss the mark on decarbonization goals.

In general, an effective RLF program requires ample communication between all parties, including the State, localities, and loan recipients. It should also have good checks and balances for reimbursement and a reasonable application process. For additional details, responses to select questions posed within the RFI are provided below:

3. How can RLF program administrators assure that prospective borrowers leverage all appropriate potential efficiency grant/incentive funding available to them before taking on debt?

RLF program administrators can assure that prospective borrowers leverage all appropriate potential efficiency grant/incentive funding available to them before taking on debt by ensuring early publication of funding opportunity uses and longer application dates. The application process and portals should also be ready well in advance of funding start dates.

4. What are best practices for loan terms for borrowers for RLF program design for example regarding loan application procedures, interest rates, loan size, and mitigating penalties and risks such as delinquency and default?

Best practices for loan terms for borrowers for RLF program design should include: 1) terms that mirror the life of investment; 2) application procedures that are not overly cumbersome, no matter which State/agency is administering; 3) interest rates that remain below open market borrowing rates to ensure access by low-moderate income, underserved, and disadvantage communities/individuals; and 4) loan sizes that are limited to application proposal with valid and documented estimates.

17. In what ways, if any, might this RLF impact a region's workforce? For example:
a. To what extent might the RLF impact job growth and changes in job quality?
b. To what extent might the RLF impact construction jobs? Non-construction jobs?
c. How should RLF program managers ensure compliance with Davis Bacon prevailing wage requirements over time?

In an environment where there aren't enough workers/contractors, this RLF may have a negative impact on project timelines and drive wages higher with a continuing impact on inflation.

18. Given that the RLFs will support the construction, alteration, maintenance, or repair of buildings and real property, please identify any iron, steel, manufactured goods/products or construction materials which are crucial to this work, and whether these items would normally be procured domestically or from a foreign source.

Materials crucial to this work are primarily procured domestically – ductile iron, transformers, fiber, steel, PVC – all of which currently have supply chain issues.

20. In what ways, if any, might this RLF encourage lending for energy efficient fuel switching (e.g., electrification) projects and discourage lending for projects reliant on fossil fuels?

As discussed above, the IIJA's authorization of the RLF program does not favor any one energy source. Accordingly, the RLF program and associated guidance should be developed in a fuel neutral manner, providing necessary flexibility to communities across the country with differing needs, resources, and budgets.

* * *

APGA members play a critical role in delivering Americans the clean, affordable, and reliable energy they need. DOE's RLF guidance should help states and their communities leverage the existing gas distribution network and fuel delivery infrastructure to meet both the goals of the IIJA and the climate goals of the current Administration.

We thank you for the review and consideration of these comments and look forward to continuing to partner with DOE as it develops these RLFs. If you have any questions regarding this submission, please do not hesitate to contact us.

Respectfully submitted,



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