

Association of Bay Area Governments

Executive Board

May 16, 2024

Agenda Item 6.d.

Bay Area Regional Energy Network (BayREN)

Subject:

Authorization to negotiate and enter into a memorandum of agreement with the Bay Area Air Quality Management District (Air District), as a grant coalition member, in an amount not to exceed \$4,498,656, pursuant to the successful award of the U.S. EPA Climate Pollution Reduction Grant opportunity

Background:

On September 20, 2023, the EPA released a one-time \$4.6 billion Notice of Funding Opportunity (NOFO) associated with the 2022 Inflation Reduction Act's establishment of the Climate Pollution Reduction Grant (CPRG) program.¹ The CPRG program is comprised of two phases:

- 1) Planning grants: \$250 million for states, U.S. territories, municipalities, air pollution control agencies, Tribes, and groups thereof to develop plans to reduce greenhouse gases (GHGs). The Priority Climate Action Plan (PCAP) is the first deliverable due under the CPRG planning grants. The PCAP was required to be submitted to the EPA by March 1, 2024.
- 2) Implementation grants: \$4.6 billion for competitive grants to eligible applicants to implement GHG reduction programs, policies, projects, and measures identified in a PCAP developed under a CPRG planning grant. Once a PCAP is submitted, eligible applicants can apply for Implementation grants to implement GHG reduction programs, policies, projects, and measures identified in a PCAP. Applications were required to be submitted to the EPA by April 1, 2024.

Phase I

The Air District was a recipient of a \$1 million planning grant to develop the PCAP for the five-county (San Francisco/Oakland/Berkeley metropolitan statistical area (MSA)). The PCAP focuses on two high-priority sectors that provide significant GHG reductions and benefit equity priority communities and includes supporting analyses and a GHG inventory. In the development of the PCAP, the Air District also included Napa, Solano, and Sonoma counties, and also coordinated with the Santa Clara MSA, which was awarded its own \$1 million planning grant for its PCAP. On February 29, 2024, the Air District submitted the PCAP to the EPA.

¹ NOFO Amendment No. 3 was released on January 16, 2024, and is available online at: <https://www.epa.gov/system/files/documents/2024-01/cprg-general-competition-correction.pdf>

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Phase II

Applicants for CPRG implementation grants are competing with all the 46 states and over 80 MSAs that were awarded CPRG planning grants in Phase I. The Association of Bay Area Governments (ABAG), as an eligible lead applicant and in coalition with the Air District, applied for the U.S. EPA CPRG phase II opportunity on April 1, 2024. The grant proposal, the Bay Area Clean Homes Initiative (BACHI), requested an amount of \$98,195,472, to catalyze regional residential single family and small multi-family building decarbonization in low-income and disadvantaged communities (LIDACs) throughout the Bay Area.

The BACHI coalition uniquely positions the Bay Area to advance residential decarbonization and create replicable models for other regions due to key assets of its two coalition members:

- 1) ABAG leads a nine-county regional partnership through the Bay Area Regional Energy Network (BayREN) which has been administering residential energy efficiency programs since 2013.
- 2) The Air District will be implementing a precedent-setting appliance rule that will affect all residential water and space heating appliances in the region.

To leverage the core competencies of these two agencies, BACHI combined shovel-ready home retrofits (led by ABAG) with strategic interventions to unlock the region's ability to scale residential decarbonization (led by the Air District). This pairing will enable on-the-ground project implementation to directly inform effective and transformational systemic interventions.

Memorandum of Agreement

The lead applicant for any coalition application selected for award is required to submit a Memorandum of Agreement (MOA) signed by all coalition members prior to receiving the award. The MOA signed by all members of a coalition must be provided to EPA by July 1, 2024, and before EPA will award any grant. Failure to submit the MOA in a timely manner may impact EPA's ability to award the grant. The MOA provides documentation that the organizations have consulted with each other and are committed to fulfilling their respective roles and responsibilities to successfully implement the GHG reduction measures described in the application.

It is expected the EPA will notify Phase II applicants in July 2024. If successful, the five-year grant period extends through September 30, 2029.

Issues:

None

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Recommended Action:

The ABAG Executive Board is requested to authorize the Executive Director of the Metropolitan Transportation Commission, or his designee, on behalf of the Association of Bay Area Governments and the Bay Area Regional Energy Network, to negotiate and enter into a memorandum of agreement, as a grant coalition member, in an amount not to exceed \$4,498,656 with the Bay Area Air Quality Management District.

Attachments:

- A. Summary Approval – Bay Area Air Quality Management District
- B. ABAG Letter of Intent
- C. Air District Letter of Intent

Reviewed:



Andrew Fremier