

118TH CONGRESS <i>1st Session</i>	}	HOUSE OF REPRESENTATIVES	{	REPORT 118-
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TO REPEAL SECTION 134 OF THE CLEAN AIR ACT,
RELATING TO THE GREENHOUSE GAS REDUCTION FUND

MARCH --, 2023.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mrs. RODGERS of Washington, from the Committee on Energy and
Commerce, submitted the following

R E P O R T

together with

____ VIEWS

[To accompany H.R. 1023]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 1023) to repeal section 134 of the Clean Air Act, relating to the greenhouse gas reduction fund, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

**H.R. 1023, TO REPEAL SECTION 134 OF THE CLEAN AIR ACT,
RELATING TO THE GREENHOUSE GAS REDUCTION FUND.**

COVER PAGE/AMENDMENT

[Attachment—Insert Cover Page/Amendment]

CONTENTS

Purpose and Summary	1
Background and Need for Legislation	1
Committee Action.....	3
Committee Votes	4
Oversight Findings and Recommendations	4
New Budget Authority, Entitlement Authority, and Tax Expenditures	4
Congressional Budget Office Estimate	4
Federal Mandates Statement.....	4
Statement of General Performance Goals and Objectives	5
Duplication of Federal Programs	5
Related Committee and Subcommittee Hearings	5
Committee Cost Estimate	5
Earmark, Limited Tax Benefits, and Limited Tariff Benefits.....	6
Advisory Committee Statement.....	6
Applicability to Legislative Branch.....	6
Section-by-Section Analysis of the Legislation.....	6
Changes in Existing Law Made by the Bill, as Reported	7
Minority Views.....	7

PURPOSE AND SUMMARY

H.R. 1023, a bill to repeal section 134 of the Clean Air Act, relating to the greenhouse gas reduction fund, was introduced by Rep. Gary J. Palmer (R-AL) on February 14, 2023. H.R. 1023 repeals the \$27 billion program established in the Clean Air Act to make grants for the purposes of providing financial assistance to reduce the risk for banks to finance the rapid deployment of low-and zero-emission energy projects, such as community and rooftop solar installations.

BACKGROUND AND NEED FOR LEGISLATION

The Inflation Reduction Act (P.L. 117-169) added Section 134, establishing a greenhouse gas reduction fund within the Clean Air Act. This new provision, unexamined in any legislative hearing by the Committee prior to enactment, differed substantially from

previous national climate bank and green bank proposals in Committee legislative hearings, including during the 117th Congress. Those earlier provisions, proposed to be set up through the Department of Energy, included modest efforts to establish oversight of the grants, Inspector General Review, and other provisions to establish and oversee a proposed new “climate,” or “green,” bank infrastructure, which would receive the taxpayer subsidies, and keep any proceeds.¹ Here, the same seed money to support development of a green banking infrastructure is provided directly to the EPA Administrator, with none of the oversight features of previous legislation.

Under Section 134, EPA is to issue \$27 billion in grants by September 30, 2024, for the purpose of providing various forms of financing to support expansion of rooftop and community solar and other greenhouse gas reduction activities determined by the Administrator, with a priority on projects that otherwise would not receive financing.

The central goal is to leverage financial institution investment to pursue local solar development and related projects—projects already covered by funding in other programs Congress has enacted or by funding provided by the private sector seeking to support renewable and zero-emission projects. A case in point is the now failed Silicon Valley Bank, which provided substantial financing for community solar development, participating in more than 60 percent of community solar financing deals.² The grants provided in Section 134, through non-profit entities set up to manage the funding, provide private investors seed money to de-risk their own investments. The eligible recipients keep all the proceeds of any successful investments and financing programs so the recipients can operate these entities perpetually, far beyond any control by the Inspector General or Congress.

The climate bank goals and decisions of the Administrator and grant recipients may conflict with the interests of ratepayers and taxpayers who are supporters of clean fossil energy, which are not eligible for financing. Senate testimony from [Texas](#) and [Wyoming](#)

¹ See, for example, the 10-page provisions establishing a climate accelerator in Section 33004 of the LIFT Act; the 26-page H.R. 806 in the 117th Congress, establishing “a clean energy and sustainability accelerator”; or the almost identical previous version, a 25-page H.R. 5416 in the 116th Congress, establishing a National Climate Bank. By contrast, the green banking provisions in the reconciliation package, and the Inflation Reduction Act here amounted to four- and one-half pages.

² See “Bank’s implosion puts climate tech companies on edge,” by Corbin Hiar and Avery Ellfeldt, PolticoPro, March 14, 2023.

experts³ indicted a national climate bank's focus on renewable energy and "transition" away from fossil energy conflicts with state taxpayer interests—and the benefits of their resources for prosperity.

Even representatives of minority communities have raised questions about subsidies for renewable energy and other electrification projects. Donna Jackson, Director of Membership Development, National Center for Policy Research, Project 21 testified to the Committee that: "The problem with minority communities is that they don't own their homes. What they want is homeownership, and we have climate policies that restrict that because it makes the building materials and the cost of building new homes so expensive that the price creates artificial scarcity and pushes them out of the marketplace.... Subsidies for solar panels benefits who? The landlords who own those homes. We are renters, the majority of us, and creating higher energy costs is increasingly keeping us out of homeownership."⁴

The Committee finds that H.R. 1023 will repeal section 134 of the Clean Air Act, a \$27 billion program through which the EPA serves as conduit for grants to establish a green bank infrastructure that will pursue financing with limited oversight and will conflict with taxpayer interests.

COMMITTEE ACTION

On February 7, 2023, the Subcommittees on Energy, Climate, and Grid Security and Environment, Manufacturing, and Critical Materials held a joint legislative hearing entitled, "Unleashing American Energy, Lowering Energy Costs, and Strengthening Supply Chains," on 17 pieces of legislation, including H.R. 1023. The Subcommittees received testimony from:

- The Honorable Mark Menezes, Former United States Deputy Secretary of Energy, Department of Energy;

³ See Senate Committee on Environment and Public Works Subcommittee on Clean Air, Climate, and Nuclear Safety hearing entitled, "*Legislative Hearing on S.283, National Climate Bank Act*," April 27, 2021. Testimony by the Honorable Rusty Bell, Commissioner, Campbell County, Wyoming, and by Jason Isaac, Director Life: Powered, a project of the Texas Public Policy Foundation.

⁴ See Testimony of Donna Jackson, Donna Jackson, Director of Membership Development, National Center for Policy Research, Project 21, at the before Committee on Energy and Commerce hearing entitled "American Energy Expansion: Strengthening Economic, Environmental, and National Security," January 31, 2023. (energycommerce.house.gov)

- The Honorable Bernard McNamee, Former Commissioner, Federal Energy Regulatory Commission;
- Jeffrey Eshelman, II, President and Chief Executive Officer, Independent Petroleum Association of America;
- Katie Sweeney, Executive Vice President and Chief Operating Officer, National Mining Association;
- Raul Garcia, Legislative Director for Healthy Communities, Earthjustice; and
- Tyson Slocum, Director of the Energy Program, Public Citizen.

On February 28, 2023, the Subcommittee on Environment, Manufacturing, and Critical Materials met in open markup session and forwarded H.R. 1023, without amendment, to the full Committee by a record vote of 11 yeas and 6 nays. On March 9, 2023, the full Committee on Energy and Commerce met in open markup session and ordered H.R. 1023 favorably reported, without amendment, to the House by a record vote of 27 yeas and 21 nays.

COMMITTEE VOTES

[Attachments—Insert Votes]

OVERSIGHT FINDINGS AND RECOMMENDATIONS

Pursuant to clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII, the Committee held hearings and made findings that are reflected in this report.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to clause 3(c)(2) of rule XIII, the Committee finds that H.R. 1023 would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII, at the time this report was filed, the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974 was not available.

FEDERAL MANDATES STATEMENT

COMMITTEE ON ENERGY AND COMMERCE
118TH CONGRESS
ROLL CALL VOTE #36

BILL: H.R. 1023, Greenhouse Gas Reduction Fund

AMENDMENT: An amendment offered by Mrs. Dingell, No. 1.

DISPOSITION: **NOT AGREED TO**, by a roll call vote of 21 yeas and 27 nays.

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Rep. Rodgers		X		Rep. Pallone	X		
Rep. Burgess		X		Rep. Eshoo	X		
Rep. Latta		X		Rep. DeGette	X		
Rep. Guthrie		X		Rep. Schakowsky	X		
Rep. Griffith		X		Rep. Matsui	X		
Rep. Bilirakis		X		Rep. Castor	X		
Rep. Johnson		X		Rep. Sarbanes	X		
Rep. Bucshon		X		Rep. Tonko	X		
Rep. Hudson				Rep. Clarke	X		
Rep. Walberg		X		Rep. Cárdenas	X		
Rep. Carter		X		Rep. Ruiz	X		
Rep. Duncan		X		Rep. Peters	X		
Rep. Palmer		X		Rep. Dingell	X		
Rep. Dunn		X		Rep. Veasey	X		
Rep. Curtis		X		Rep. Kuster	X		
Rep. Lesko		X		Rep. Kelly	X		
Rep. Pence		X		Rep. Barragán			
Rep. Crenshaw		X		Rep. Blunt Rochester	X		
Rep. Joyce		X		Rep. Soto	X		
Rep. Armstrong		X		Rep. Craig	X		
Rep. Weber		X		Rep. Schrier			
Rep. Allen		X		Rep. Trahan	X		
Rep. Balderson		X		Rep. Fletcher	X		
Rep. Fulcher		X					
Rep. Pfluger		X					
Rep. Harshbarger		X					
Rep. Miller-Meeks							
Rep. Cammack		X					
Rep. Obernolte		X					

03/09/2023

COMMITTEE ON ENERGY AND COMMERCE
118TH CONGRESS
ROLL CALL VOTE #37

BILL: H.R. 1023, Greenhouse Gas Reduction Fund Repeal

AMENDMENT: A motion by Mrs. Rodgers to order H.R. 1023 favorably reported to the House, without amendment.

DISPOSITION: AGREED TO, by a roll call vote of 27 yeas to 21 nays.

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Rep. Rodgers	X			Rep. Pallone		X	
Rep. Burgess	X			Rep. Eshoo		X	
Rep. Latta	X			Rep. DeGette		X	
Rep. Guthrie	X			Rep. Schakowsky		X	
Rep. Griffith	X			Rep. Matsui		X	
Rep. Bilirakis	X			Rep. Castor		X	
Rep. Johnson	X			Rep. Sarbanes		X	
Rep. Bucshon	X			Rep. Tonko		X	
Rep. Hudson				Rep. Clarke		X	
Rep. Walberg	X			Rep. Cárdenas		X	
Rep. Carter	X			Rep. Ruiz		X	
Rep. Duncan	X			Rep. Peters		X	
Rep. Palmer	X			Rep. Dingell		X	
Rep. Dunn	X			Rep. Veasey		X	
Rep. Curtis	X			Rep. Kuster		X	
Rep. Lesko	X			Rep. Kelly		X	
Rep. Pence	X			Rep. Barragán			
Rep. Crenshaw	X			Rep. Blunt Rochester		X	
Rep. Joyce	X			Rep. Soto		X	
Rep. Armstrong	X			Rep. Craig		X	
Rep. Weber	X			Rep. Schrier			
Rep. Allen	X			Rep. Trahan		X	
Rep. Balderson	X			Rep. Fletcher		X	
Rep. Fulcher	X						
Rep. Pfluger	X						
Rep. Harshbarger	X						
Rep. Miller-Meeks							
Rep. Cammack	X						
Rep. Obernolte	X						

03/09/2023

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII, the general performance goal or objective of this legislation is to increase American energy production and restore energy leadership by repealing Section 134 of the Clean Air Act.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII, no provision of H.R. 1023 is known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of Public Law 111-139 or the most recent Catalog of Federal Domestic Assistance.

RELATED COMMITTEE AND SUBCOMMITTEE HEARINGS

Pursuant to clause 3(c)(6) of rule XIII,

(1) the following hearings were used to develop or consider H.R. 1141:

On January 31, 2023, the Committee on Energy and Commerce held an oversight hearing, entitled: “American Energy Expansion: Strengthening Economic, Environmental, and National Security”. The Committee received testimony from:

- The Honorable Paul Dabbar, Former U.S. Undersecretary of Energy, Department of Energy;
- Donna Jackson, Director of Membership Development, National Center for Public Policy Research, Project 21;
- Robert McNally, President, Rapidan Energy Group; and
- Ana Unruh Cohen, Ph.D., Former Staff Director, U.S House Select Committee on the Climate Crisis.

(2) The following related hearing was held:

On February 7, 2023, the Subcommittees on Energy, Climate, and Grid Security and Environment, Manufacturing, and Critical Materials held a joint hearing entitled, “Unleashing American Energy, Lowering Energy Costs, and Strengthening Supply Chains,”

on 17 pieces of legislation, including H.R. 1023. The Subcommittees received testimony from:

- The Honorable Mark Menezes, Former United States Deputy Secretary of Energy, Department of Energy;
- The Honorable Bernard McNamee, Former Commissioner, Federal Energy Regulatory Commission;
- Jeffrey Eshelman, II, President and Chief Executive Officer, Independent Petroleum Association of America;
- Katie Sweeney, Executive Vice President and Chief Operating Officer, National Mining Association;
- Raul Garcia, Legislative Director for Healthy Communities, Earthjustice; and
- Tyson Slocum, Director of the Energy Program, Public Citizen.

COMMITTEE COST ESTIMATE

Pursuant to clause 3(d)(1) of rule XIII, the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974. At the time this report was filed, the estimate was not available.

EARMARK, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

Pursuant to clause 9(e), 9(f), and 9(g) of rule XXI, [the Committee finds that H.R. 1023 contains no earmarks, limited tax benefits, or limited tariff benefits.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Repeal of greenhouse gas reduction fund.

This section repeals Section 134 of the Clean Air Act and rescinds the unobligated balance of any amounts made available under this section.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

With respect to the requirement of clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, this section was not made available to the Committee in time for the filing of this report.

MINORITY VIEWS

[Attachment--Views]

Committee on Energy and Commerce

MINORITY VIEWS

H.R. 1023, To repeal section 134 of the Clean Air Act, relating to the greenhouse gas reduction fund.

We oppose H.R. 1023, legislation to repeal Section 134 of the Clean Air Act (CAA), relating to the Greenhouse Gas Reduction Fund (GHGRF). H.R. 1023 repeals and rescinds funding for the GHGRF, which was enacted as part of the Inflation Reduction Act (IRA). Repealing this program will inhibit the United States from meeting its climate goals and deprive communities of the opportunity to invest in clean energy projects that will help them build a more sustainable future.

BACKGROUND

The GHGRF will invest \$27 billion to mobilize financing and leverage private capital for clean energy projects that reduce greenhouse gas emissions – with an emphasis on projects that benefit low-income and disadvantaged communities.

Of the total, \$20 billion will be awarded directly from the Environmental Protection Agency (EPA) to eligible nonprofits. The eligible nonprofits will then make awards to other financing entities that will provide financial and technical assistance for projects that reduce or avoid greenhouse gas emissions; 40 percent of that funding is required to assist disadvantaged communities. The remaining \$7 billion will be awarded to state, local and Tribal governments as well as eligible nonprofits to enable low-income and disadvantaged communities to deploy or benefit from zero-emission technologies. In February 2023, EPA announced the initial program design for the GHGRF after soliciting stakeholder feedback.¹ Funding has yet to be awarded.

The GHGRF is a critical tool for tackling the climate crisis, lowering energy costs, and advancing environmental justice. This program has unprecedented potential. It will improve lives by investing in high-impact, community-based projects that reduce climate pollution and improve public health outcomes.

During Committee consideration, proponents of H.R. 1023 characterized the GHGRF as a so called “slush fund for green advocacy groups.”² This characterization could not be further from the truth. In reality, this program builds upon the successful model and track record of green banks and community-based lenders – like community development financial institutions (CDFIs) and credit unions – that have expanded access to green capital in states, cities, and regions. Likewise, the GHGRF’s \$7 billion program for states, local governments, and Tribes will allow communities to tailor clean energy solutions to their geographic, market, and regulatory needs.

¹ Environmental Protection Agency, *EPA Announces Initial Program Design of Greenhouse Gas Reduction Fund* (Feb. 14, 2023) (www.epa.gov/newsreleases/epa-announces-initial-program-design-greenhouse-gas-reduction-fund).

² House Committee on Energy and Commerce, Statement of Representative Gary Palmer, *Markup of Seven Bills*, 118th Cong. (Feb. 28, 2023).

The GHGRF promises to play a unique and vital role filling gaps in accessing green capital. By law, the GHGRF's \$20 billion program is required to support projects that otherwise lack access to capital. For these reasons and more, the GHGRF has wide support from environmental groups, environmental justice organizations, financing entities and state and local governments.³

SUMMARY OF H.R. 1023

H.R. 1023 repeals Section 134 of the CAA, which established the GHGRF, and rescinds all unobligated funds provided under the section.

During Committee consideration of H.R. 1023, Democratic Members offered several amendments intended to minimize the negative impacts of rescinding the GHGRF without a comparable program to replace it. The IRA is projected to reduce greenhouse gas emissions by 42 percent below 2005 levels by 2030, likely more once the GHGRF is fully implemented.⁴ Every Republican Committee member voted against an amendment to ensure the U.S. would still meet the projected greenhouse gas reduction as a result of IRA implementation.

Despite comments from Republican members to the contrary, human activity is a driver of the climate crisis and without action, the global temperature will continue to rise, having deleterious effects on food systems, public health, energy production, and infrastructure, among other areas. According to the National Climate Assessment, "Climate change creates new risks and exacerbates existing vulnerabilities in communities across the United States, presenting growing challenges to human health and safety, quality of life, and the rate of economic growth."⁵ Every Republican Committee member voted against an amendment requiring the EPA Administrator to certify that disadvantaged communities would not be harmed by the repeal of the GHGRF before the bill could go into effect. Climate change has and will continue to disproportionately impact low-income and vulnerable communities, who have a lower capacity to prepare for and cope with climate-related events. By rescinding the over \$15 billion in funding dedicated to disadvantaged communities, the majority would be taking away resources, good-paying, clean energy jobs, reduced energy bills, and other opportunities that will create a more sustainable future for these underserved communities.

Finally, the majority indicated that the GHGRF is a risk to national security – an argument not founded in reality. It's climate change that poses the serious threat to our nation's security, which is why the Department of Defense, along with other federal agencies, have developed climate adaptation and mitigation plans.⁶

³ See eg. Letter from Earthjustice et al., to Rep. Cathy McMorris Rodgers, Chair, House Committee on Energy and Commerce et al. (Feb. 7, 2023); Letter from National Association of Counties, National League of Cities, and U.S. Conference of Mayors, to Rep. Cathy McMorris Rodgers, Chair, House Committee on Energy and Commerce and Rep. Frank Pallone, Jr., Ranking Member, House Committee on Energy and Commerce (Mar. 7, 2023).

⁴ Rhodium Group, *Provisions in the Inflation Reduction Act* (Aug. 12, 2022).

⁵ U.S. Global Change Research Program, *Impacts, Risks, and Adaptation in the United States: Fourth National Climate Assessment, Volume II* (2018).

⁶ U.S. Department of Defense, *DOD, Other Agencies Release Climate Adaptation Progress Reports* (Oct. 6, 2022) (www.defense.gov/News/News-Stories/Article/Article/3182522/dod-other-agencies-release-climate-

CONCLUSION

H.R. 1023 is nothing more than a political vendetta against the historic climate achievements of the IRA. The majority is rushing to rescind the GHGRF as they underestimate the real threat of climate change. The GHGRF will be a transformational program that will invest in projects that will be driven by and support local communities. Without a plan in place to address climate change, Committee Republicans are leaving Americans even more vulnerable to the impacts of climate change and robbing them of a once-in-a-generation investment that will spur the economy, improve health impacts, reduce energy costs, and create good-paying clean energy jobs.

For the reasons stated above, we dissent from the views contained in the Committee's report.



Frank Pallone, Jr.
Ranking Member
Committee on Energy and Commerce