EPA's Solar for All Program

The Inflation Reduction Act (IRA) provides $27 billion in funding for the Environmental Protection Agency (EPA) to create the Greenhouse Gas Reduction Fund (GGRF) to drive low-cost, accessible financing to build a clean energy economy. The GGRF is divided into three complementary programs:

- $7 billion for Solar for All
- $6 billion for Clean Communities Investment Accelerator
- $14 billion for National Clean Investment Fund

The Solar for All (SFA) Program is designed to expand existing programs or support new programs for **residential-serving solar** to benefit low-income and disadvantaged households (See Appendix A for how the SFA program's definitions apply to Minnesota).[1] The SFA Program has three objectives:

1. Reduce emissions of greenhouse gases and other air pollutants.
2. Deliver benefits of greenhouse gas- and air pollution-reducing projects to American communities, particularly low-income and disadvantaged communities.
3. Mobilize financing and private capital to stimulate additional deployment of greenhouse gas- and air pollution-reduction projects.

The Minnesota Commerce Department (COMM), Division of Energy Resources is leading an application under the SFA Award Option for State and Territory Programs. COMM intends to apply for the maximum award size allowed for Minnesota, which is $100 million over 5 years. EPA requires that states allocate at least 75% of funds are used for financial assistance, which COMM proposes to do across 5 Program Areas, detailed below. COMM proposes to allocate the remainder for project-deployment technical assistance and to implement an Equitable Access and Meaningful Involvement Plan. COMM proposes to allocate SFA funds in its proposal as follows:

	Amount Invested
Financial Assistance Program Areas	**$75M**
(1) Single-Family Home Credit Enhancements	$10M
(2) Manufactured Home Grants Aligned with Weatherization	$1M
(3) Multifamily Forgivable Lending	$14M
(4) Community-Owned Community Solar Lending	$35M
(5) Tribal Development Funding	$15M
Technical Assistance, Meaningful Involvement Plan, and Program Admin.	**$25M**
Project-Deployment Technical Assistance Strategy: Workforce development and pre-development technical assistance	—
Equitable Access and Meaningful Involvement Plan: Energy navigators, education, outreach and community engagement and overall program management, compliance, and reporting	—
Total Program	**$100M**

COMM is seeking input from stakeholders on the proposed allocation of funds and high-level program concepts. Please send feedback to fedquestions.commerce@state.mn.us by October 3, 2023.

Financial Assistance Program

Below is a summary of the five Financial Assistance Program Areas of COMM's proposed SFA program.

1. Single-Family Home Credit Enhancements

COMM proposes to allocate $10 million for credit enhancements to leverage additional funding for low-income and disadvantaged single-family homes to deploy on-site solar. COMM is proposing two primary instruments to support single-family homes to deploy solar: a Loan Loss Reserve Fund (LLRF) and an Interest Rate Buy-down (IRB). These credit enhancement instruments will be administered through partners like the Minnesota Housing and Finance Authority (MHFA) and/or the soon-to-be established Minnesota Climate Innovation Finance Authority (MNCIFA). These partners will support leveraging SFA Program funds with additional public and private financing, grants, tax credits, and incentives to provide simplified, packaged loans for single-family homes to deploy solar. Solar deployed for single-family homes will be required to deliver at least 20% bill savings.

2. Manufactured Home Grants Aligned with Weatherization

COMM proposes to allocate $1 million for a grant program to the Weatherization Assistance Program (WAP) to support deployment of ground-mounted solar alongside weatherization. This program will provide grants for solar deployment to benefit manufactured homes that receive WAP services. While WAP funds can be used for rooftop solar, manufactured homes are typically unable to structurally support rooftop solar. This new grant program will open solar savings opportunities for manufactured homes by offering WAP service providers funding to complement manufactured home weatherization with on-site, ground-mounted solar deployment to benefit individual manufactured homes residents. Alternatively, there may be pathways with MHFA that could be pursued to advance manufactured home-focused programming. Solar deployment for manufactured homes will lower their bills by more than 20% and complement other bill-saving weatherization measures.

3. Multifamily Forgivable Lending

COMM proposes to allocate $14 million for a forgivable solar loan program for multifamily homes with MHFA. Forgivable solar loans will be integrated into MHFA programs that support property improvements, including efficiency and pre-weatherization work, such as the Consolidated RFP which offers a "one stop shop" for coordinating multiple multifamily housing resources into one application process (e.g., housing tax credits, mortgages and bridge loans, deferred loans, and HUD Section 811 Project-based Rental Assistance Program). The program will complement existing state policies for multifamily solar, including from Xcel Energy and building on previous efforts of the Metropolitan Council (Solar-For-Vouchers Technical Assistance Program).

4. Community-Owned Community Solar Lending

COMM proposes to allocate $35 million to MNCIFA to develop and administer loan products, such as bridge loans and project loans, to support community-owned community solar across all utilities in the

state. Loan products to support community solar will be designed to maximize flexibility for different community ownership models. COMM is adopting a flexible definition of community ownership (see Meaningful Benefit Plan #4 below).

We will use our planning year to help define this program with stakeholders. Loan products for community-owned community solar will be available throughout the state, including to support community-owned projects being developed in Xcel Energy's service area under the revised community solar garden program.

5. Tribal Development Funding

COMM proposes to allocate $15 million to the 11 federally recognized Tribes with reservations within Minnesota's boundaries to administer self-determined solar projects that can create meaningful benefits through single-family solar, multifamily solar, and community solar programs. We believe the grants will be best spent as directed by Tribal Nations to meet their own defined and sovereign goals, while leveraging state-facilitated or state-funded technical assistance, as relevant. This presents an opportunity for the State to align SFA goals with the different Tribal missions and project goals.

Meaningful Benefits Plan

Across the five Financial Assistance Program Areas detailed above, COMM proposes to develop a Meaningful Benefit Plan to deliver five types of required benefits that cut across all five Program Areas:

1. Household savings on electricity bills of at least 20%

COMM will require that financial assistance in each Program Area delivers a minimum of 20% electric bill savings for all residential participants. Bill savings calculations will be verified by COMM and will be calculated inclusive of any additional household costs required to participate (e.g., roof repairs) and any indirect household benefits (e.g., improved household efficiency).

Across all Program Areas, including the limited cases where low-income and disadvantaged households are required to incur costs before benefits are received (e.g., an upfront community solar subscription cost), COMM will require implementers of SFA funds to demonstrate or estimate bill savings annually. For multifamily homes, housing providers will be required to demonstrate 20% annual bill savings for tenants, or an equivalent level of direct and indirect benefits to tenants in the case of master-metered buildings.

2. Equitable access to solar that maximizes the breadth and diversity of households served

COMM will prioritize equitable access to SFA financial assistance to low-income and disadvantaged households throughout the state. Across Program Areas, COMM will leverage existing local outreach and financing institutions, such as Community Action Partnerships and WAP service providers, community development financial institutions, regional development organizations, housing and development authorities, public housing authorities. Additionally, COMM proposes to develop new outreach channels through an Energy Navigators program (see Equitable Access and Meaningful Involvement Plan below).

3. **Resilience benefits that provide capacity to deliver power during a grid outage**

Resilience to grid outages can be supported by SFA financing for energy storage along with residential-serving solar projects. COMM proposes a limited strategy for financing storage with SFA funds targeted toward multifamily housing developers and authorities to deploy storage and community-owned community solar projects with storage.

4. **Community ownership models that facilitate access to additional economic benefits of asset ownership**

COMM's SFA plan commits to maximize household and community ownership models that support low-income and disadvantaged households and communities building equity in projects. Community ownership will be defined flexibly to include any incorporation in which equity is owned or eventually owned by a collective apparatus of a community, which can include ownership by community-based organizations (e.g., cooperative businesses, consumer-controlled limited liability companies, housing cooperatives, nonprofits, crowdfunded organizations, community land trusts), rural electric cooperatives, municipal utilities, local governments, and tribal governments or organizations. COMM's SFA plan will emphasize community ownership through solar leases for single-family homes and will support innovative ownership models for community solar, including by providing technical assistance to communities to develop ownership models.

5. **Workforce development and entrepreneurship that invests in high-quality jobs and businesses**

COMM proposes to invest in jobs and businesses in low-income and disadvantaged communities throughout SFA program operations, including by investing in minority- and women-owned businesses and historically underutilized business zones. Additionally, COMM commits to job quality and expanding opportunities for workers from underserved communities across all five Program Areas. To facilitate workforce development and entrepreneurship, COMM proposes technical assistance for workforce development (see Project-Deployment Technical Assistance Strategy below).

Project-Deployment Technical Assistance Strategy

COMM proposes to develop a Project-Deployment Technical Assistance Strategy to address market barriers to deploying residential-serving solar and to deliver on the meaningful benefits plan across the state.

COMM proposes to allocate SFA funds for workforce development across multiple programmatic areas, including:

- Funding for direct solar workforce training.
- Collaborating with workforce training centers and programs.
- Providing funding for electricians and others to go through NABCEP certification.
- Train-the-trainer on entrepreneurship and business development.

Additionally, COMM proposes to fund technical assistance through direct support and administrative staff focused on interconnection and pre-development activities, including engineering consultants and permitting support. COMM plans to leverage existing state and local government supports for solar pre-development, such as solar business analyst expertise, state coaching to jurisdictions, and partnerships to support local siting and permitting efforts including end of life processes.

Finally, COMM proposes to develop a new installer pre-qualification program and to support solar bulk procurement program to support the development of standardized contracts and community decision-making for residential-serving solar across the Financial Assistance Program Areas that can ensure 20% electric bill savings.

Equitable Access and Meaningful Involvement Plan

COMM proposes to develop an equitable access and meaningful involvement plan with three components.

- **Community Engagement Staff and Energy Navigators** will weave together SFA, MNCIFA, and other funds for solar projects across the state. Navigators will advance community-based education efforts. Finally, COMM proposes to fund a dedicated tribal energy navigator and other regional or subject area navigators.
- **Programmatic Staff and Support** will include staff to design and implement programs with community partners and develop tools and resources for program utilization.
- **Program Administration** will provide financial and grants management, ensure compliance, and conduct required reporting.

Timeline

COMM's SFA application to EPA is due October 12, 2023. EPA intends to inform applicants in Spring, 2024 whether they are being awarded, and funds will be delivered to successful applicants in Autumn, 2024. During that time, COMM will work with stakeholders and partners to design the structure of the Financial Assistance Programs, define technical assistance needs and requirements, and create forums for stakeholder engagement and education. The timeline for that work will be:

October 5, 2023	Secure Letters of Support from key supporters
October 12, 2023	Application due to EPA
November 2023 – April 2024	Initial stakeholder mapping to assess key implementation leads, initial stakeholder convenings and engagement, and begin early implementation planning
Spring 2024	Applicants informed
Fall 2024	Funds awarded, 1-year formal implementation planning cycle begins
2025	Programs launch

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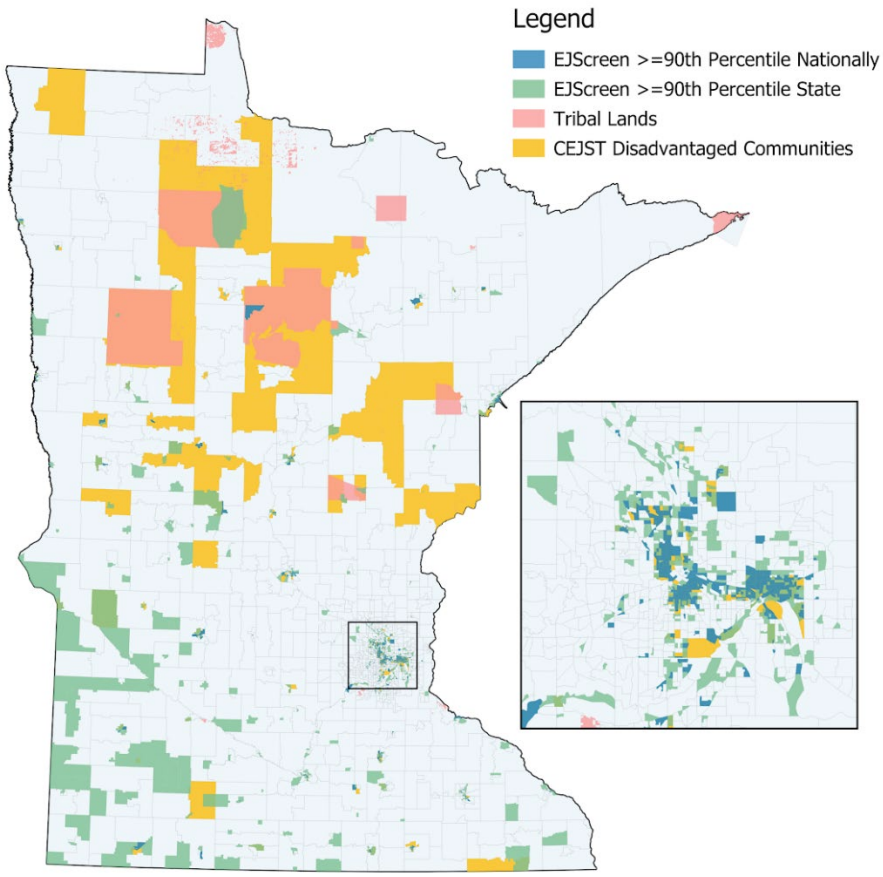
Appendix: Solar for All's Definition of Disadvantaged and Low-Income

For the purposes of the SFA Program, EPA defines low-income and disadvantaged communities based on four categories of households:

(1) Disadvantaged communities defined by the Climate and Economic Justice Screening Tool (CEJST).
(2) Disadvantaged communities defined by the EPA EJScreen mapping tool based on being at or above the 90th percentile for any supplemental index.
(3) Geographically dispersed low-income households, defined as either:
    a. individuals and households with incomes at or below the greater of 80% Area Median Income or 200% of the Federal Poverty Level
    b. individuals and households currently approved for assistance from at least one income-based or income-verified federal assistance programs in the last 12 months (e.g., LIHEAP, SNAP, WAP)
(4) Properties providing affordable housing.

COMM has produced the following map showing geographically qualified households based on categories (1) and (2) above. All households in these areas are expected to be eligible to benefit from SFA investments. Additional households meeting categories (3) and (4) are also eligible but not mapped.



Map of Geographically Qualified Areas in Minnesota. Yellow areas qualify based on CEJST. Blue and Green areas qualify based on EJScreen based on exceeding state and federal thresholds, respectively. Tribal lands, shown in Red, qualify based on both CEJST and EJScreen.