

Inflation Reduction Act (IRA) Overview

Climate and
Clean Air-related
Provisions

Inflation Reduction Act of 2022

- ▶ The Inflation Reduction Act (IRA) makes historic investments in climate action, air quality and environmental justice
- ▶ Expected to reduce U.S. greenhouse gas emissions ~40% by 2030 while supporting disadvantaged communities and clean energy
- ▶ Investments will drive the most significant emissions reductions in electricity generation and transportation while establishing the groundwork for long-term decarbonization in industry, buildings, and agriculture
- ▶ EPA's role – **\$41.5 billion in appropriated funds** to support 24 new and existing programs

EPA and the Inflation Reduction Act

- ▶ **\$41.5 billion in appropriated funds**, supporting 24 new and existing programs, including:
 - ▶ \$27 billion to capitalize existing and new green banks and fund state and local government investment in distributed energy and other clean technologies
 - ▶ \$5 billion for Climate Pollution Reduction Grants at the state, local, and Tribal level to develop and implement plans to reduce greenhouse gas emissions
 - ▶ \$3 billion in Environmental and Climate Justice Block Grants to fund community-based nonprofit organizations
 - ▶ \$3 billion in Grants to Reduce Air Pollution at Ports to purchase & install zero-emission technology and develop climate action plans
 - ▶ \$1.55 billion for the Methane Emissions Reduction Program to Fund grants and technical assistance to accelerate emissions reduction from petroleum and natural gas systems
 - ▶ \$1 billion for Clean Heavy-Duty Vehicles to provide grants, rebates, and contract support to replace heavy duty vehicles with zero emission alternatives

Early Program Planning in OAR

- ▶ Identifying existing program structures and interconnections to move quickly where we can
- ▶ Thoughtfully developing new programs informed by analysis and stakeholder engagement
- ▶ Considering innovative implementation strategies for increased efficiency and maximum effect
- ▶ Prioritizing early and significant pollution reductions

Guiding Principles

- ▶ Maximize benefits – public health and climate benefits
- ▶ Prioritize environmental justice
- ▶ Harmonize management structures, regulations, funding and grants
- ▶ Engage inclusively with stakeholders
- ▶ Support and build on EPA regions' strengths
- ▶ Safeguard financial integrity

Program Highlights

Key IRA Provisions – Climate Pollution Grants and Methane

- ▶ **Climate Pollution Reduction Grants – \$5 billion** to assist states, air pollution control agencies, tribes, and local governments in developing (\$250 million) and implementing (\$4.75 billion) strong, local climate pollution reduction strategies.
- ▶ **Methane Emissions & Waste Reduction Incentive Program**
 - ▶ **\$1.55 billion** to reduce methane emissions through financial assistance (grants, rebates, contracts, loans, and other activities) and technical assistance.
 - ▶ **Use of funds can include:**
 - Preparing and submitting greenhouse gas reports
 - Methane emissions monitoring under CAA 103
 - Reducing methane and other greenhouse gas emissions
 - Implementing the waste emissions charge for methane from applicable facilities that report more than 25,000 metric tons of CO₂ equivalent per year to the GHG Reporting Program and that exceed statutorily specified waste emissions thresholds.

Key IRA Provisions – Transportation & Monitoring

▶ Transportation

- ▶ Clean Heavy-Duty Vehicles – **\$1 billion** to replace fossil-fuel models with zero-emission school buses, refuse haulers, delivery vehicles, etc
- ▶ Clean Ports -- **\$3 billion** for the purchase or installation of zero-emission port equipment/technology
- ▶ Diesel Emissions Reduction Act – **\$60 million** to replace legacy diesel equipment with cleaner versions in low-income, disadvantaged communities
- ▶ Mobile Source grants – **\$5 million** in grants for states to adopt California standards

▶ Monitoring – Air Quality

- ▶ Fenceline – **\$117.5 million** to deploy, upgrade and support fenceline air monitoring and supporting community monitoring
- ▶ Multi-pollutant – **\$50 million** for new multi-pollutant monitoring stations and to replace, repair, operate, and maintain existing monitors.
- ▶ Air Quality Sensors – **\$3 million** to deploy, integrate, and operate air quality sensors in low-income and disadvantaged communities
- ▶ Wood Heaters – **\$15 million** for grants and other activities for testing and other agency activities to address emissions from wood heaters
- ▶ Methane Monitoring – **\$20 million** to measure emissions

Key IRA Provisions – Greenhouse Gases

- ▶ **HFCs – AIM Act** – additional implementation funding
- ▶ **Low Emissions Electricity Program** – new funds under a new section of the Clean Air Act to reduce emissions from domestic electricity generation and use.
 - **\$68 million** for education, partnerships, technical assistance, and outreach focused on consumers; low-income and disadvantaged communities; Industry, and State, Tribal, and Local Governments
- ▶ **Corporate Reporting – \$5 million** to develop standards and methodologies to promote transparency of corporate climate commitments and related plans to reduce GHGs
 - Support EPA in transparently tracking corporate progress in meeting their commitments and implementing their plans

School Air Quality Grants and Technical Assistance

- ▶ **\$50 million** to support improved air quality in schools
 - **\$37.5 million** for grants and other activities to monitor and reduce air pollution and greenhouse gas emissions at schools in low-income and disadvantaged communities.
 - **\$12.5 million** for technical assistance to schools in low-income and disadvantaged communities to address environmental issues, develop school environmental quality plans that include standards for school building, design, construction, and renovation, and to identify and mitigate ongoing air pollution hazards.