

DISTRICT OF COLUMBIA DEPARTMENT OF ENERGY AND ENVIRONMENT

NOTICE OF REQUEST FOR INFORMATION (RFI)

U.S. Department of Energy Loan Program Office: Title 17 Clean Energy Financing Program

Introduction

This Request for Information (RFI) is issued by the DC Department of Energy and Environment (DOEE) to allow interested parties in the District of Columbia (the "District") to identify potential opportunities for financing under the U.S. Department of Energy Loan Program Office's (LPO) State Energy Financing Institution (SEFI) program to inform DOEE program design and policy making.

Background

The District of Columbia Department of Energy and Environment (DOEE) has a mission to improve the quality of life for the residents and natural inhabitants of the nation's capital by protecting and restoring the environment, conserving our natural resources, mitigating pollution, increasing access to clean and renewable energy, and educating the public on ways to secure a sustainable future. In support of this mission and as required by the District's Climate Commitment Amendment Act of 2022, DOEE is in the process of releasing its Clean Energy DC 2.0 Plan in 2024. The plan outlines key strategies and investments aimed at reducing greenhouse gas emissions 60% from 2006 levels by 2030 and keeping the District on track to achieve net zero emissions by 2045. The investment, incentives, and programs of additional partner agencies may also be leveraged to achieve related outcomes, including enhancing support for clean energy projects and related activities benefiting low-to-moderate income (LMI) District residents.

Purpose

This Request for Information (RFI) seeks responses from clean energy project developers, asset owners, or other institutions looking to decarbonize their operations, financial institutions, and other relevant parties to:

1. Inform the design of financing efforts or other related activities led by DOEE, other instrumentalities of District Government, or other relevant government authorities operating within the District of Columbia that support decarbonization efforts within the District of Columbia.

2. To solicit initial feedback on the potential use of state funds from an established SEFI to implement the goals of DOEE and District Government, while leveraging federal financing from LPO. Specifically, input is requested that can inform how to best leverage the DOE LPO SEFI-Supported category of the Title 17 Clean Energy Financing Program. Through this program LPO can augment state-administered clean energy programs providing additional financial support to projects that align federal energy priorities with those of U.S. states like the District.

In particular, DOEE is looking to support projects in the District that have financial needs that cannot be fully met by existing financial tools available in the private market. In alignment with <u>Justice40</u>, DOEE will ensure that no less than 40 percent of the direct benefits of authority activities flow to environmental justice communities. This RFI seeks feedback on clean energy initiatives, especially those with an emphasis on benefiting environmental justice communities, and that can leverage private, philanthropic, or other sources of financial support. DOEE will facilitate implementation of potential projects identified through this process in coordination with DC Green Bank, the Department of Housing and Community Development, and other potential qualifying financing partners under the LPO SEFI program.

Priority Investment Categories

DOEE will prioritize information on investments that align with the goals of the District's Clean Energy DC 2.0 plan, EPA's Greenhouse Gas Reduction Fund, and DOE LPO's SEFI program. Ultimately, any project or program supported financially by the DOE LPO SEFI program must meet the definition of a "qualified project" per <u>Title 17 Program Guidance</u>. For the purposes of this RFI, DOEE will prioritize information on projects or programs that address the greatest gaps in climate action to-date, although project information in other categories is welcome.

- 1. Decarbonization Retrofits of Existing Buildings: Projects, technologies or activities that retrofit an existing building to reduce or eliminate greenhouse gas emissions and air pollution. Examples include appliance electrification in affordable housing alongside energy efficiency, indoor air quality improvements, and solar; school building space and water heating; electrification and energy efficiency; virtual power plant technology to manage distributed generation and demand response; replacement of delivered fuel with end-use electrification; replacement of backup diesel generators with battery storage, including paired with distributed power generation; and community facility retrofits with on-site solar, storage, and charging infrastructure.
- 2. Transportation Pollution Reduction: Projects, technologies, or activities that support zeroemissions transportation modes. Examples include new electric transit service or electric shared vehicles with electric vehicle supply equipment that supports a cleaner grid, or small business fleet electrification as well as public and multi-use charging depots (including for clean school buses and community facilities).
- 3. Emissions reduction technologies for industrial uses. Projects, technologies or activities that reduce or eliminate direct greenhouse gas emissions and hazardous air pollutants from industrial activities. This could include projects to change inputs for these processes from fossil fuel to clean energy sources, reduce or manage non-energy sources of emissions, or deploy distributed generation and storage technologies to urban farms or industrial sites. This category could include replacement of campus or multi-building industrial heating systems and electrification of local manufacturing sites.
- 4. Distributed Power Generation and Storage: Projects, technologies, or activities that generate and/or store zero-emissions power near to the point of use, instead of in centralized plants, and

that have the potential to increase grid resilience. Examples include distributed solar, distributed wind, geothermal/ground-source energy, stand-alone energy storage, and community-wide microgrids.

Minimum Requirements

Focusing on the above priority investment categories, this RFI is seeking project information to help design products & programs best suited to accelerate progress toward the District's clean energy and climate pollution reduction goals and better understand the scale of financing needs across various and market sectors. Here is a list of specific priority considerations:

- Assets/projects that substantially reduce greenhouse gas emissions
- Assets/projects that replace existing fossil-fuel-based technology with an end-use electric technology
- Assets/projects must have an equity contribution of at least 20%
- Assets/projects that are primarily located in the District of Columbia and primarily benefit the District
- Assets/projects/programs that create new project financing opportunities. Refinancing is not an eligible use of these funds.
- Assets/projects/programs that serve environmental justice communities or that provide at least 40% of direct benefits to these communities

Specifics of the DOE LPO SEFI Program

As a result of the passage of the Infrastructure Investment and Jobs Act and subsequent legislation, the DOE LPO does not have an "innovation requirement" for its <u>Title 17 program</u> when a SEFI is making a meaningful contribution of funds to an emissions reducing project. This means that, with the District of Columbia allocating funds to a project or portfolio of projects, DOE LPO funds (which have previously only been available for technology that has not yet reached full commercialization) can be focused on eligible projects supporting technologies that are ready to deploy at scale. Given the following key deployment targets in the Clean Energy DC 2.0 plan and clean energy laws, DOEE seeks input on ways it could design a program that ensures SEFI funds make the maximum impact across the District.

The DOE LPO provides a loan guarantee to cover 100% of a direct loan from the U.S. Treasury's Federal Financing Bank (with which LPO handles all coordination), or a maximum of 90% of a direct loan made by a commercial lender. There is no application fee to apply for a DOE LPO loan guarantee, however, there are associated costs as outlined on the DOE website. The DOE LPO financing covers a maximum of 80% of project costs and requires at least 20% equity to cover the remaining project costs. Please indicate in your responses if you are looking for part of the required 20% equity to be provided by DOEE or another potentially qualified SEFI partner within the District.

As described in the Title 17 Clean Energy Financing Program Guide, LPO does not set a minimum loan size; however, due to some of the fixed costs associated with receiving a loan guarantee from LPO, LPO loan guarantees are typically \$100 million or more. Thus, the underlying project, technology, transaction parties, and financing structure must match accordingly. Our expectation is that multiple projects with sufficient similarities could be combined to rise to a funding level sufficiently large enough to take advantage of the LPO program.

With this RFI, DOEE seeks to understand whether there is an interest in the District supporting emissions reduction projects of this nature by leveraging this federal funding.

Potential Respondents

DOEE and have an interest in supporting a wide range of entities undertaking clean energy projects. These include conventional organizations such as major renewable energy developers or real estate developers and building owners, but also smaller entities that may be more community focused. DOEE encourages all interested parties to provide feedback to the RFI. Potential Respondents to the RFI may include but are not limited to:

- Property owners
- Real estate developers
- Renewable energy developers and operators
- Financial institutions
- Corporations
- Non-profit organizations
- Venture capital and private equity groups
- Philanthropic organizations that support clean energy or community development projects
- Community-based organizations, including those representing Environmental Justice Communities
- Other private entities

Submissions

Respondents should submit a brief narrative of potential project(s) and include a description of how the project satisfies elements highlighted in the RFI. Respondents may also broadly comment on the types of projects a District of Columbia State Energy Financing Institution (SEFI) could support in order to leverage DOE LPO financing for implementation.

*NOTE: Potential projects must be evaluated by the U.S. Department of Energy Loan Programs Office in order to determine whether or not they meet the criteria for LPO financing. All interested parties are encouraged to review the LPO's Program Guidance for Title 17 Clean Energy Financing Program, included as Appendix 1.

Additional Feedback: In addition to suggested projects, we invite Respondents to raise and suggest solutions/priorities to any other potential limitations/barriers that the District of Columbia should assess in its consideration of the creation of a State program to leverage DOE LPO financing.

Please submit all RFI responses via email to: 2024LPORFI.responses@dc.gov. The subject line of the email should state: DOEE LPO RFI Response – [Primary Applicant Name]. DOEE may choose to reissue this RFI again at a later date to gather further input.

Any questions by prospective Respondents concerning this RFI shall be sent by email to:

2024LPORFI.responses@dc.gov. The subject line of the e-mail should state: DOEE LPO RFI Questions.

Post-Submission Process

DOEE may invite Respondents to provide additional information to better understand the information

provided in the submittal. DOEE may also request meetings with some or all of the Respondents to discuss details of responses and potential next steps.

Data Practices

This RFI is for information gathering purposes only and should not be construed as a solicitation or obligation on the part of DOEE to provide funding or financing.

All comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Respondents should only submit information that they wish to make publicly available and should not enclose any information considered confidential or inappropriate for public disclosure.

Appendix 1: <u>US DOE LPO: Program Guidance for Title 17 Clean Energy Financing Program</u>