



August 5, 2022

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency

Via Electronic Submission

RE: Community Reinvestment Act Proposed Rulemaking [87 FR 33884]
Federal Reserve: Docket No. R-1769; RIN 7100-AG29
FDIC: Regulation BB; RIN 3064-AF81
OCC: Docket ID OCC-2022-0002; RIN 1557-AF15

The American Council on Renewable Energy (“ACORE”) respectfully submits these comments in response to the Community Reinvestment Act (“CRA”) proposed rule. ACORE is a national nonprofit organization dedicated to advancing the renewable energy sector through market development, policy changes, and financial innovation. ACORE’s membership includes renewable energy developers, institutional investors, corporate buyers, electric power generators, retail energy providers, and other stakeholders. ACORE member companies hold more than \$25 trillion in assets. In 2021, more than 90 percent of the booming utility-scale U.S. renewable growth was financed, developed, owned, or contracted for by ACORE members.

ACORE supports the proposed revised definitions for “Community Development Activities” that are responsive to community needs, especially those of low- and moderate-income (LMI) communities and individuals, small businesses, and small farms. However, recognizing that the primary purpose of the CRA is to promote public welfare, the rule should further acknowledge how investments in renewable energy facilities benefit and serve LMI communities and individuals. Our comments outline the economic, health, equity, reliability, and local investment benefits of renewable energy; propose changes to include renewable energy investment (in both utility-scale and distributed generation projects) under the proposal’s defined “Revitalization and Stabilization Activities;” and also recommend an expanded definition of “Public Welfare Investment” to include all investments in renewable energy tax credits.

I. Renewable Energy Investment Expands Economic, Climate, Health, and Grid Reliability Benefits in LMI Communities and for LMI Individuals

Renewable energy is an increasingly critical component of the nation’s power mix, outcompeting fossil sources of electricity and delivering tangible economic benefits. The sector enhances the security, reliability, and resilience of the electric grid and is readily deployable and available even during extreme weather conditions. With more than \$50 billion in U.S. investment last year, renewable energy is also one of the nation’s most important economic drivers, and a significant source of jobs and investment in remote rural areas that often lack alternative sources of economic growth. Over the longer term, renewable energy has a critically important role to play in achieving the emissions reductions that scientists say are necessary to mitigate climate change’s worst impacts. These attributes have made renewables a favored energy option for Americans across the country.

Renewable energy can provide essential infrastructure to disadvantaged communities while creating a more equitable energy system. As explained below, changes to the CRA would help ensure that LMI communities and individuals receive a greater proportion of the overall benefits of investment, deployment, and use of renewable energy, while further supporting the Biden Administration’s energy

justice objectives.^{1,2} Including renewable energy investment as a qualifying CRA activity would provide a strong signal to banking institutions to invest in projects located in LMI communities.

A. Economic benefits

i. Job creation

The renewable electricity sector (including solar, wind, geothermal, hydropower, and biomass energy) employed more than 539,000 American workers in 2021.³ Renewable energy jobs drove job growth in the electric power sector in 2021, with solar and wind jobs exceeding that of other technologies. In 2021, the renewable electricity sector added 22,511 jobs and grew 4.4 percent from 2020, faster than the U.S. workforce overall, which rose just 2.8 percent.⁴ According to an analysis in 2020, clean energy jobs paid 25 percent more than the national median wage and were more likely to include health care and retirement benefits.⁵

ii. Local investment and tax benefits

With more than \$425 billion in private sector investment over the past ten years, including over \$50 billion in 2021 alone, renewable energy is an important source of American economic growth and job creation.

Renewable facilities provide significant tax revenue to local governments, supporting schools and local services, often in rural areas, and boosting state budgets. Wind projects provide more than \$1.6 billion in state and local taxes and landowner lease payments annually.⁶ In Illinois, school districts received 63 percent of their total revenue from the property tax revenue associated with the development of utility-scale wind and solar farms.⁷

In rural communities, renewable energy projects can provide farmers with steady revenue streams, while reducing their exposure to revenue losses associated with climate change-related events, such as droughts.⁸ Solar rent payments can be more than double what farmers receive for traditional agriculture operations.⁹ Wind farms in rural areas can provide annual revenues from \$4,000 and \$8,000 per turbine.¹⁰

A reclaimed coal mine land in Martin County, Kentucky, is the site of a \$231 million, 200 MW solar farm currently under development. The project is expected to create 250-300 jobs during the construction phase, with hiring preference for displaced coal miners and local area residents with a job training

¹ “Justice40: A Whole-of-Government Initiative.” The White House.

<https://www.whitehouse.gov/environmentaljustice/justice40>

² “DOE Fact Sheet: The Bipartisan Infrastructure Deal Will Deliver For American Workers, Families and Usher in the Clean Energy Future.” Department of Energy (DOE). <https://www.energy.gov/articles/doe-fact-sheet-bipartisan-infrastructure-deal-will-deliver-american-workers-families-and-0>

³ “U.S. Energy & Employment Jobs Report.” DOE. <https://www.energy.gov/policy/us-energy-employment-jobs-report-useer>

⁴ Ibid.

⁵ “Clean Jobs, Better Jobs.” ACORE, E2, BW Research, CELI. <https://acore.org/clean-jobs-better-jobs-report>

⁶ “Land-based wind siting.” American Clean Power. <https://cleanpower.org/policy/land-based-wind-siting>

⁷ “3 ways renewable energy projects can be a boon to rural communities” CohnReznick. <https://www.cohnreznick.com/insights/3-ways-renewable-energy-projects-can-be-boon-to-rural-communities>

⁸ “Seeds of Opportunity.” RMI. <https://rmi.org/insight/seeds-of-opportunity>

⁹ “3 ways renewable energy projects can be a boon to rural communities.” CohnReznick. <https://www.cohnreznick.com/insights/3-ways-renewable-energy-projects-can-be-boon-to-rural-communities>

¹⁰ “Setting the Record Straight About Renewable Energy.” World Resources Institute. <https://www.wri.org/insights/setting-record-straight-about-renewable-energy>

program. When complete in 2024, the project is expected to power 33,000 Kentucky homes and be one of the largest solar projects operating in the state.^{11,12}

iii. Access to lower and more stable energy costs

The wind and solar sectors have experienced steep declines in costs because of improvements in technology and greater economies of scale,¹³ and they are often cheaper than fossil fuels in most areas of the country. Increasing access to renewable energy would reduce the energy burden for low-income households, who spend up to 30 percent of their income on energy costs.¹⁴

Renewable energy sources also allow for long-term, predictable pricing. Electric power rates can be locked for 20-30 years and are not subject to unpredictable price variability of international fuel markets. Reduced and less variable utility costs are particularly significant for LMI households that spend a greater percentage of income on energy than other market segments. In Colorado, for example, the state found in 2019 that nearly 400 households enrolled in its low-income solar projects had saved between 15 and 50 percent on their electricity bills, for average annual savings of \$382 per household.¹⁵

Additionally, community solar – in which the benefits of a solar array are shared among multiple customers¹⁶ – can generate local revenue for property owners while also allowing local residents, farmers, small businesses, and municipalities to subscribe to the project and receive credit on their electricity bills for the power produced from their portion of the array, lowering their overall electricity costs.¹⁷

Community solar developments are expanding in LMI communities. For example, the Denver Housing Authority’s 2 MW community solar garden benefits 764 LMI households, saving 20 percent on monthly electricity bills and offsetting 54,000 tons of CO₂ emissions. The project has also provided hands-on training for 51 low-income individuals. Several project partners contributed to the project, including project manager GRID Alternatives Colorado, Ensign Energy Consulting, and Monarch Private Capital.^{18,19} In April 2022, WeSolar and the University of Maryland Medical System (UMMS) announced a collaborative partnership to develop an 8 MW community solar project that would provide power to

¹¹ “Martin County Solar Project.” <https://www.martincountysolarproject.com>

¹² “Martin County Solar Project to Locate on Former Eastern Kentucky Coal Mine.” Kentucky Cabinet for Economic Development. https://ced.ky.gov/Newsroom/NewsPage/20211209_MartinCountySolar

¹³ “Levelized Cost Of Energy, Levelized Cost Of Storage, and Levelized Cost Of Hydrogen.” Lazard. <https://www.lazard.com/perspective/levelized-cost-of-energy-levelized-cost-of-storage-and-levelized-cost-of-hydrogen>

¹⁴ “DOE Fact Sheet: The Bipartisan Infrastructure Deal Will Deliver For American Workers, Families and Usher in the Clean Energy Future.” DOE. <https://www.energy.gov/articles/doe-fact-sheet-bipartisan-infrastructure-deal-will-deliver-american-workers-families-and-0>

¹⁵ “Energy Equity: Bringing Solar Power to Low-Income Communities.” Yale Environment 360. <https://e360.yale.edu/features/energy-equity-bringing-solar-power-to-low-income-communities>

¹⁶ “Community Solar Basics.” DOE. <https://www.energy.gov/eere/solar/community-solar-basics>

¹⁷ “How Community Solar Supports Rural Communities and Farmers.” Solar Energy Industries Association (SEIA). <https://www.seia.org/blog/how-community-solar-supports-rural-communities-and-farmers>

¹⁸ “Issue Brief: Reducing Energy Burden for Low-income Residents in Multifamily Housing with Solar Energy.” Better Buildings, DOE. https://assets.ctfassets.net/ntcn17ss1ow9/DtocdeI1xIiW2Vb33NiHM/0f25a68abbf6d331c1401fb4e17e36a7/Better_Buildings_Low-income-multi-family-solar_2019.pdf

¹⁹ “Denver Housing Authority Launches Community Solar Garden.” Denver Housing Authority. <https://www.denverhousing.org/denver-housing-authority-launches-community-solar-garden>

UMMS facilities and Baltimore City residents, and reduce the bills of LMI customers by at least 25 percent.²⁰

Developers are also integrating solar into affordable housing developments and other revitalization projects in LMI census tracts, to help lower operating and utility costs for working families.²¹ In January 2022, the City of Chicago announced that 548 Development and Related Midwest would construct a \$38.4 million solar-powered, 302,000 square-foot industrial complex and a pair of community innovation centers to revitalize 21 acres of City-owned land.²²

B. Climate, environmental, and health benefits

i. Climate resilience

Limiting global temperature rise to no more than 1.5° C/2.7° F by mid-century is critical to avoid the worst impacts of climate change.²³ This limit requires dramatic reductions in total global greenhouse gas (“GHG”) emissions and rapid decarbonization of the world’s electricity sector. The U.S. accounts for 15 percent of the world’s total GHG emissions, making it the world’s second-largest emitter.²⁴ Twenty-five percent of U.S. GHG emissions are attributable to the electricity sector.²⁵

Renewable energy technologies like wind and solar power, which do not generate GHG emissions and have low water usage, can deliver the emissions reductions scientists say are necessary to avoid climate change’s worst impacts and help achieve our nation’s climate targets. The International Energy Agency (“IEA”) has stated we will not reach net zero without doubling the global rate of renewable energy generation. Two-thirds of electricity generation must come from renewable energy sources, and investment in renewable energy needs to triple by 2030 to meet the 2050 Paris Agreement target.^{26,27}

LMI communities are more likely to be affected by the physical harm associated with climate change-related weather events and often have trouble accessing the resources needed to prepare and recover from them.²⁸ Expanding renewable energy access in LMI communities would also reduce these communities’ exposure to power outages, volatile fuel prices, and other damaging events.

²⁰ “Baltimore-Based WeSolar, Inc. announces 8 MW Community Solar Deal With University of Maryland Medical System UMMS will collaborate with WeSolar to support the construction of a Solar Farm in Baltimore City.”

WeSolar. <https://wesolar.energy/project/8-mw-community-solar-deal-with-university-of-maryland-medical-system/>

²¹ “Developers Break Ground On 40 Units Of Affordable Housing In Auburn Gresham.” Block Club Chicago.

<https://blockclubchicago.org/2020/11/02/developers-break-ground-on-40-units-of-affordable-housing-in-auburn-gresham/>

²² “548 Development and Related Midwest Selected to Redevelop Industrial Site in North Lawndale.” Office of the Mayor of Chicago.

https://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2022/january/NorthLawndaleRedevelopment.html

²³ “Special Report: Global Warming of 1.5 °C.” IPCC. <https://www.ipcc.ch/sr15/>

²⁴ “Sources of Greenhouse Gas Emissions.” Environmental Protection Agency.

<https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

²⁵ Ibid.

²⁶ “Renewable Power: More efforts needed.” IEA. <https://www.iea.org/reports/renewable-power>

²⁷ “World must triple clean energy investment by 2030 to curb climate change -IEA.” World Economic Forum.

<https://www.weforum.org/agenda/2021/10/iea-international-energy-markets-environment-renewables>

²⁸ “Equitable Disaster Preparedness, Response & Recovery.” Georgetown Climate Center.

<https://www.georgetownclimate.org/adaptation/toolkits/equitable-adaptation-toolkit/equitable-disaster-preparedness-response-recovery.html>

ii. Environmental and health benefits

Carbon, air, and water pollution from fossil fuel power plants disproportionately harms LMI and tribal communities.²⁹ The risks associated with such pollution include health impacts that result in increased hospital admissions, premature deaths, and lower living standards.

In particular, conventional thermal and nuclear power plants use vast amounts of water and contaminate streams with chemicals in the cooling process. Water returned to lakes and rivers contains chemical additives.³⁰ Wind and solar photovoltaic power plants require relatively little water to operate.³¹

An analysis of six studies modeling the impacts of federal clean electricity policy indicates that expanded renewable energy could avoid health and climate damages ranging from \$100-250 billion through 2030-2035 and \$1-3 trillion through 2050, along with avoiding 85,000 to 300,000 premature deaths through 2050. These benefits far outweigh the studies' observed energy cost increases.³²

C. Other grid benefits

Renewable energy provides an abundant source of domestic power that can be rapidly deployed and available even during extreme weather conditions. Renewable energy sources are not dependent on global marketplaces that can be vulnerable to market volatility or unexpected changes to fuel availability.

The U.S. has particularly abundant renewable energy resources. Renewable electricity relies on naturally available, free, and self-replenishing sources of fuel such as sunlight, wind, the earth's heat, or the kinetic energy of a flowing river.

As discussed above, renewable energy can enhance power reliability under extreme weather conditions, because it is independent from disruptable fuel supplies and can bounce back quickly from interruptions.

Projects can be built and deployed far more rapidly than traditional fossil or nuclear generation. Large utility-scale wind or solar farms are typically constructed and brought online within one to three years, from initial siting to energy production. Rooftop solar systems can be completed in just a few months.

When coupled with energy storage systems, distributed renewable energy projects can also supply backup power if the grid collapses during a storm or natural disaster. For example, at an affordable housing complex in northwest D.C., rooftop solar panels and batteries can supply up to three days' worth of emergency power.³³

II. Recommendations to Include Renewable Energy in “Revitalization and Stabilization Activities”

The proposal's redefined definitions of Revitalization and Stabilization Activities would help direct more of the benefits of CRA-focused investment to LMI communities and individuals. To help ensure a more

²⁹ “Power Plants and Neighboring Communities.” EPA. <https://www.epa.gov/airmarkets/power-plants-and-neighboring-communities>

³⁰ “Renewable Energy Saves Water and Creates Jobs.” Scientific American.

<https://www.scientificamerican.com/article/renewable-energy-saves-water-and-creates-jobs>

³¹ “A Review of Operational Water Consumption and Withdrawal Factors for Electricity Generating Technologies.” National Renewable Energy Laboratory. <https://www.nrel.gov/docs/fy11osti/50900.pdf>

³² “Studies Converge on Benefits of a Rapid Clean Energy Transition.” Energy Innovation.

<https://energyinnovation.org/wp-content/uploads/2021/09/Meta-analysis-of-clean-energy-policy-models.pdf>

³³ “Energy Equity: Bringing Solar Power to Low-Income Communities.” Yale Environment 360.

<https://e360.yale.edu/features/energy-equity-bringing-solar-power-to-low-income-communities>

equitable energy system, we recommend specific revisions to these definitions to clearly include renewable energy investment as a qualifying CRA activity.

A. Essential Community Infrastructure

Proposed § __.13(g) defines essential community infrastructure activities as “broadband, telecommunications, mass transit, water supply and distribution, and sewage treatment and collection systems.” Essential community infrastructure should relate to all infrastructure that ensures the same basic services that support the quality of life in higher-income communities. Renewable energy – both distributed generation, such as rooftop solar and utility-scale generation – brings an essential service that provides local economic and health benefits to LMI communities while reducing the energy burden of low-income households. We, therefore, recommend adding the term “renewable energy” or “clean energy” to Proposed § __.13(g).

B. Disaster Preparedness and Climate Resiliency Activities

We support the inclusion of renewable energy as an activity that assists individuals and communities in preparing for, adapting to, and withstanding natural disasters, weather-related disasters, and climate-related risks. However, the requirement for disaster preparedness and climate resiliency activities to be conducted in conjunction with a government plan, program, or initiative could be too limiting. An increasing number of regions are experiencing the negative consequences of climate change, many of which may be outside the reach of government programs. We recommend either removing this requirement or considering the inclusion of areas covered by disaster or climate programs managed by non-governmental plans, programs, or initiatives. For example, nonprofits, non-governmental organizations (NGOs), and community-based organizations may serve disadvantaged areas overlooked by government programs by providing emergency assistance programs, funding disaster plans or disaster recovery, and offering other needed resources.³⁴

In response to Question 21. Yes, the agencies should include clean energy activities that are distinct from energy-efficiency improvements in the disaster preparedness and climate resiliency definition, to expand the benefits of renewable energy in LMI communities (outlined in Section I of our comments).

In response to Question 22. Yes, the agencies should consider utility-scale projects, such as solar, wind, and battery storage projects, which would benefit residents in targeted census tracts. In support of the proposal’s intention to ensure that benefits are targeted in LMI communities, the project could either be (1) physically located in an LMI community, whereby the community would receive the direct community benefits outlined in Section I of our comments, or (2) not located in an LMI community but would target at least half of the benefits of the project for an LMI community or LMI individuals. As discussed, along with the climate benefits offered by these projects, locating a renewable energy project in or near an LMI community would also directly reduce air and water pollution that disproportionately affects the livelihoods of residents of these communities, while improving grid reliability and vulnerability to power outages, as well as providing numerous economic benefits.

C. Qualifying Activities in Native Land Areas

As noted in the proposal, basic infrastructure in tribal communities lags the rest of the country, with over one-third of Native households in tribal areas affected by significant physical problems with their

³⁴ “Equitable Disaster Preparedness, Response & Recovery.” Georgetown Climate Center. <https://www.georgetownclimate.org/adaptation/toolkits/equitable-adaptation-toolkit/equitable-disaster-preparedness-response-recovery.html>

housing, including deficiencies with electricity. Renewable energy should thus be included in the definition of “essential community infrastructure in Native Land Areas,” as detailed in Section II.A. More broadly, the comments in sections II.B and II.C should also apply to qualifying activities conducted in Native Land Areas, under proposed §__.13(1).

III. Pro Rata Considerations for Other Community Development Activities

We support the application of partial credit for activities where less than the majority of the entire activity benefits LMI individuals or communities, if those activities have the express, bona fide intent of community development. For example, as described above, renewable energy infrastructure can serve a broader area than an LMI census tract while still supporting energy equity, economic benefits, climate resilience, health, and other grid reliability benefits for LMI individuals.

IV. All Investments in Renewable Energy Tax Credits Should Qualify as Public Welfare Investments

Furthermore, we would like to take this opportunity to recommend the Office of the Comptroller of the Currency (“OCC”) expand the definition of a “Public Welfare Investment” (“PWI”) to include all investments in renewable energy tax credits. This expansion would avoid negative impacts on the renewable sector associated with the implementation of revised capital standards issued by the Basel Committee on Banking Supervision (“Basel Committee”), which would be more stringent on the ability of banks to make equity investments. According to some of the largest banking institutions in ACORE’s membership, the new rules could make many renewable energy investments uneconomical and significantly hinder sector growth. Under current OCC regulation, an investment in a renewable energy tax credit must direct most of its benefits to an LMI community to qualify as a PWI. Expanding the definition of a PWI to include all investments in renewable energy tax credits – similar to investments in low-income housing tax credits – while also clearly qualifying renewable energy investment as a CRA activity, should do much more to expand LMI community and individual access to renewable power than the status quo.

Investments in renewable energy tax credits, or “tax equity,” provides a significant source of capital for wind and solar project finance and is responsible for approximately one-third of the average capital stack for a solar project and two-thirds of the capital stack for an onshore wind project. The renewable energy tax equity market represented approximately \$19-\$20 billion in 2021,³⁵ roughly split evenly between solar and wind investments.

The tax equity market relies on financing from a limited number of large investors who have sufficient “tax appetite” and can utilize tax credits through participation in complex legal transactions such as “partnership flips” and “sale-leasebacks.” Current tax equity investment falls far short of the investment needed to hit the Biden administration’s goal of cutting power sector emissions by 100 percent by 2035,³⁶ and the demand that could be spurred by long-term extensions of the renewable energy tax credits, such as what is proposed in the Inflation Reduction Act of 2022.³⁷ Newer capital-intensive technologies like green hydrogen and offshore wind can be expected to have the greatest difficulty securing access to the limited pool of tax equity financing.

³⁵ “Cost of Capital: 2022 Outlook.” Norton Rose Fulbright.

<https://www.projectfinance.law/podcasts/2022/january/ep185-cost-of-capital-2022-outlook>

³⁶ “1H 2022 U.S. Clean Energy Market Outlook.” BloombergNEF. <https://www.bnef.com>

³⁷ “Inflation Reduction Act Implications for Renewables and Energy Transition.” JD Supra. <https://www.jdsupra.com/legalnews/inflation-reduction-act-implications-4613438>



New Basel Committee rules would substantially increase the capital charge associated with tax equity investments in renewable energy – by as much as 200-300 percent – making those investments uneconomical and deterring existing investors from the market. Such impacts on tax equity investment could reduce renewable energy growth throughout the U.S. and put meeting the nation’s climate goals much further out of reach.

Expanding the definition of a PWI to include all investments in renewable energy tax credits would exempt these investments from the Basel Committee rule changes and allow the sector to continue to grow while benefitting all Americans.

We appreciate this opportunity to provide comments on the CRA proposed rule. Please do not hesitate to contact Lesley Hunter at hunter@acore.org with any additional questions you may have.

Sincerely,

/s/ Lesley Hunter

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