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6 HEARING ON:

7 FIGHTING THE MISUSE OF BIDEN'S GREEN BANK GIVEAWAY

8 TUESDAY, JANUARY 30, 2024

9 House of Representatives,

10 Subcommittee on Oversight and Investigations,

11 Committee on Energy and Commerce,

12 Washington, D.C.

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16 The Subcommittee met, pursuant to call, at 10:30 a.m.,

17 in Room 2322, Rayburn House Office Building, Hon. Morgan

18 Griffith [Chairman of the Subcommittee] presiding.

19 Present: Representatives Griffith, Burgess, Guthrie,

20 Duncan, Palmer, Lesko, Crenshaw, Armstrong, Cammack, Rodgers

21 (ex officio); Castor (ex officio), Schakowsky, Tonko, Ruiz,

22 Peters, and Pallone (ex officio).

23 Also Present: Carter and Dingell.

24

25 Staff Present: Kate Arey, Digital Director; Sean Brebbia,
26 Chief Counsel; Lauren Kennedy, Clerk; Christen Harsha, Senior
27 Counsel; Rebecca Hagigh, Executive Assistant; Peter Kielty,
28 General Counsel; Emily King, Member Services Director; Chris
29 Krepich, Press Secretary; Drew Lingle, Professional Staff
30 Member; Keegan Cardman, Minority Staff Assistant; Austin
31 Flack, Minority Junior Professional Staff Member; Waverly
32 Gordon, Minority Deputy Staff Director and General Counsel;
33 Tiffany Guarascio, Minority Staff Director; Mary Koenen,
34 Minority GAO Detailee; Will McAuliffe, Minority Chief
35 Counsel, Oversight and Investigations; Constance O'Connor,
36 Minority Senior Counsel; Christina Parisi, Minority
37 Professional Staff Member; Harry Samuels, Minority Oversight
38 Counsel; and Caroline Wood, Minority Research Analyst.
39

40 *Mr. Griffith. The Subcommittee on Oversight and
41 Investigations will now come to order.

42 The chair recognizes himself for 5 minutes for an
43 opening statement.

44 Welcome to today's hearing of the Energy and Commerce
45 Subcommittee on Oversight and Investigations. Over the past
46 3 years, the Biden Administration has made it clear it is
47 willing to push the boundaries of executive authority.

48 Whether it is making rules to force power plants
49 utilizing our most reliable energy resources offline, setting
50 impractical standards designed to mandate electric vehicles
51 on the American consumer, or shelling out billings of federal
52 funds to preferred industries, and giving outside
53 organizations billions of taxpayer dollars, it seems to be
54 obsessed with a rush to a green society.

55 Unfortunately, the passage of the so-called Inflation
56 Reduction Act, or IRA, last Congress has only further
57 empowered the Administration to pursue its radical green
58 agenda. The Environmental Protection Agency, EPA, which has
59 been chomping at the bit for this green push received around
60 41.5 billion for 24 new and existing programs.

61 Today we will focus on one of the more unconventional
62 programs that I have come across in my tenure, the so-called
63 Greenhouse Gas Reduction Fund. This fund includes some
64 characteristics of what are known as green banks or

65 institutions that receive taxpayer funds and then claim to
66 mobilize and leverage investment in low-carbon technologies
67 and infrastructure.

68 Under the IRA's Greenhouse Gas Reduction Fund
69 provisions, the EPA received \$27 billion to hand out to
70 nonprofits, states, tribes, and cities to support the
71 deployment of zero emissions technologies and greenhouse gas
72 reduction projects. This is a staggering amount of money,
73 almost doubling -- almost doubling the regular appropriations
74 of the EPA.

75 Under the IRA, EPA must decide how it is going to hand
76 out all 27 billion by September 30, 2024. That is just 9
77 months from now.

78 In order to accomplish this, the EPA has decided to
79 split the Greenhouse Gas Reduction Fund into three accounts
80 or programs and hold three separate funding competitions.
81 Under the National Clean Investment Fund, one of those
82 programs, the EPA will pick two or three nonprofits to
83 establish the so-called national clean financing
84 institutions. These national clean financing institutions
85 will then choose green technology projects which will receive
86 taxpayer dollars.

87 The second program is called the Clean Communities
88 Investment Accelerator, and it will choose two to seven
89 nonprofits to serve as hubs that will then provide tax

90 dollars and technical assistance and training to small and
91 unconventional lenders to finance so-called green projects in
92 poor and disadvantaged communities.

93 Finally, the so-called Solar for All Program will award
94 grants to states, territories, tribal governments,
95 municipalities, and nonprofits for community solar programs.

96 Particularly with the first two programs, EPA is picking
97 a handful of nonprofit grantees and giving them wide latitude
98 to manage and distribute taxpayer dollars and abdicating a
99 lot of the responsibility for how that money is spent. In
100 other words, a few nonprofits are going to make decisions on
101 who receives billions of dollars of taxpayer funds. There is
102 something that doesn't sit right with nonprofits giving out
103 billions of taxpayer dollars.

104 The EPA has never administered a program quite like
105 this, and this Committee has a lot of questions. How is the
106 EPA evaluating applicants and attempting to select the best
107 grantees? Who will be involved in that process? When these
108 grantees make loans for clean energy projects, how will they
109 determine which projects to finance? What qualifications
110 will their staff possess? How will the EPA monitor the work
111 of the grantees once the money goes out the door? And how
112 will the agency maintain accountability?

113 What remedies will the EPA have if the money is not used
114 as directed or authorized? Did certain special interest

115 groups or individuals have priority access or outsized input
116 in designing these programs, and, therefore, gain an unfair
117 advantage in the competitions? What happens when projects
118 fail?

119 We hope to answer these questions and more today. The
120 Committee has been pushing the EPA for more information about
121 the Greenhouse Gas Reduction Fund. And while it
122 unfortunately took some prodding, the EPA has agreed to join
123 us for this hearing today.

124 And we welcome Mr. Zealan Hoover, Senior Advisor to the
125 Secretary at the EPA. Mr. Hoover oversees the EPA's
126 implementation of both the Infrastructure Investment and Jobs
127 Act and the IRA. As a part of these duties, he has also been
128 involved in establishing the new Greenhouse Gas Reduction
129 Fund.

130 Thank you for joining us, Mr. Hoover, and I look forward
131 to learning more about this new program and the controls that
132 the EPA is setting up on these \$27 billion that are at stake
133 to make sure that whether we agree with the program or not,
134 that the taxpayer dollars is being spent appropriately.

135 I yield back and now recognize the ranking member of the
136 Subcommittee, Ms. Castor, for her 5-minute opening statement.

137 *Ms. Castor. Well, thank you, Chairman Griffith.

138 Good morning, everyone. Across the country, American
139 families and businesses are moving to cleaner, cheaper

140 energy, and they are doing more to protect their homes and
141 businesses by making them more resilient to costly extreme
142 weather events. Fortunately, the Inflation Reduction Act,
143 passed by Democrats in 2022, is helping to accelerate the
144 cost savings.

145 I often tout the IRA as a patriotic law because of the
146 extensive Build America and Buy America incentives and
147 requirements, and so far it is working. Private sector
148 companies have announced over \$600 billion in manufacturing
149 and clean energy commitments just over the past 3 years. The
150 jobs being created are good ones; ones that provide pathways
151 to the middle class.

152 For example, the median annual salary for wind service
153 technicians and solar photovoltaic installers is around
154 \$60,000 per year, nearly 25 percent above the national
155 median. And one study found that workers newly employed by
156 the growing green energy sector have wages 40 percent higher
157 than they earned in non-energy jobs.

158 To build on the early success and help our neighbors
159 save money, Congress should be investing more in resilience
160 and removing the hurdles to cleaner, cheaper energy. What is
161 happening is too often a lack of affordable financing is a
162 major challenge for many projects, especially in working
163 class and disadvantaged areas.

164 That is why the Democratic-led Congress, and in fact

165 many of the members on the Energy and Commerce Committee, and
166 the Select Committee on the Climate Crisis, envisioned and
167 authorized the Greenhouse Gas Reduction Fund. The Select
168 Committee's report recommended Congress should establish a
169 national climate bank to finance targeted deployment of clean
170 energy and other decarbonization technologies and climate-
171 resilient infrastructure.

172 The climate bank should capitalize new and existing
173 state and local green banks and finance its own projects.
174 They should prioritize environmental justice, frontline, and
175 rural communities, and emphasize support for projects without
176 clear revenue models or lacking significant returns, such as
177 certain energy and climate-resilient infrastructure, a focus
178 on the gaps.

179 Representative Dingell had early envisioned a green
180 bank. Chairman Pallone for many years had proposed this.
181 Finally, in the -- through the IRA, Energy and Commerce was
182 able to push this forward. In essence -- in essence, we
183 envisioned affordable capital for clean projects to leverage
184 private sector investments to enhance the impact of the
185 awards.

186 And now, thanks to EPA's leadership, the fund is ready
187 to launch with the help of state and local communities,
188 tribes, and eligible nonprofits, under three competitive
189 funding opportunities each aligned with the statutory

190 objectives set by Congress and aimed at building sustainable
191 pathways to capitalize clean projects.

192 Like other programs that EPA oversees, award recipients
193 will make subawards and loans to expand community lending
194 capacity and support residential solar development. This
195 initiative also includes key environmental justice
196 requirements to ensure that underserved and historically
197 disadvantaged communities are a central priority as Congress
198 intended.

199 My Republican colleagues -- so wedded to dirty fossil
200 fuel corporations -- often like to muddy the waters with
201 false narratives regarding clean energy. So let's set the
202 record straight. EPA is focused on implementing the
203 Greenhouse Gas Reduction Fund as Congress intended and has
204 built a robust process to oversee awards and hold recipients
205 accountable. Every award will be subject to stringent
206 financial reporting requirements, so EPA can monitor how
207 these awards are used.

208 EPA requires detailed reports to ensure that projects
209 supported by federal dollars meet key milestones. Annual
210 audits, recordkeeping requirements, mean that EPA will be
211 able to independently verify funds that are being -- that the
212 funds are being spent appropriately and proactively detect
213 bad actors. Buy American requirements will also make certain
214 that fund projects rely on American workers and American

215 manufacturers. Those are the minimum requirements.

216 EPA is also empowered to make awards contingent upon
217 mitigating award-specific risks before awardees receive any
218 monies.

219 We in Congress have an obligation to conduct oversight
220 and make sure all of this happens, and that is exactly what
221 we intend to do. Preventing costly impacts of the
222 overheating climate is not going to be easy, and we know we
223 need to make sure that every dollar is going where it should.

224 I have a copy of each notice of funding opportunity that
225 was issued under the Greenhouse Gas Reduction Fund. For the
226 record, they are not insubstantial and provide clear details
227 about eligibility, the application project, and reporting
228 requirements that will be mandatory for every awardee. I
229 have included these documents on the list of proposed
230 documents for the record.

231 Mr. Chairman, I look forward to our hearing, and I yield
232 back. Thank you.

233 *Mr. Griffith. The gentlelady yields back.

234 I now recognize the chairwoman of the full Committee,
235 Mrs. Rodgers, for her 5 minutes of questions -- or of opening
236 statement. Excuse me.

237 *The Chair. Thank you, Mr. Chairman.

238 Good morning, everyone. President Biden and the
239 Congressional Democrats made it their top priority in 2022 to

240 jam through the so-called Inflation Reduction Act. Talk
241 about misinformation. They did it at a time when millions of
242 Americans were struggling to put food on their tables, afford
243 to heat their homes, and keep their businesses afloat. The
244 President boasts that as one of his Administration's crowning
245 achievements.

246 In reality, this disastrous legislation, which actually
247 led to record inflation, is still hurting families. It is
248 filled with massive subsidies to the Administration's favored
249 industries and giveaways to radical special interests.

250 The IRA's climate and green energy provisions so-called
251 give away nearly \$400 billion in incentives to further
252 President Biden's radical rush to green agenda. Let that
253 sink in for a moment. The Biden Administration is giving
254 hundreds of billions of dollars to its political allies to
255 force Americans to use less reliable energy sources and
256 electric vehicles they don't want.

257 This rush to green agenda only further compromises
258 America's economic national and energy security. China
259 dominates the market for electric vehicle components, solar
260 panels, and materials essential to renewable energy
261 production and storage. And increasing our reliance on these
262 resources and products increases our reliance on China, our
263 biggest adversary, and the world's leading polluter.

264 There is many issues with the IRA, but today we are

265 focused on the largest non-tax program in the IRA, the so-
266 called Greenhouse Gas Reduction Fund. Through this program,
267 the EPA plans to hand out \$27 billion to support so-called
268 green technology projects. Even more concerning, two of the
269 fund's programs were designed so that EPA can funnel billions
270 of taxpayer dollars to nonprofits to happen to be -- that
271 happen to be their political allies that can then fund the
272 projects of their choosing. This is a perfect scenario for
273 cronyism to take hold.

274 Another concern is the timeline for these funds being
275 allocated. The IRA was enacted in August of 2022. The law
276 requires EPA to allocate all \$27 billion by September 30,
277 2024. That is 2 years to design a first-of-its-kind program
278 and choose which entities will receive the taxpayer dollars.
279 I just heard, oh, they are going to have annual audits. They
280 are independently going to verify every dollar, make sure
281 every dollar goes where intended.

282 The EPA doesn't even have an internal audit now. The
283 EPA has no internal audit. I don't know about you. I was
284 kind of shocked to learn that this year. I have only been in
285 Congress 20 years. The EPA has no internal audit. The EPA
286 was never authorized by Congress.

287 Ladies and gentlemen, we are the elected representatives
288 of the people, and the Inspector General -- the EPA's
289 Inspector General has warned us that this program is at

290 serious risk of waste, fraud, and abuse, in part because of
291 the timeline, at a hearing before this Subcommittee last
292 March.

293 This program is a perfect storm for green corruption.
294 The American people expect us to hold the agencies
295 accountable for the use of their hard-earned taxpayer
296 dollars. These are hard-earned taxpayer dollars.

297 I just met this week with a startup, exciting health
298 technology, IT company, artificial intelligence, where they
299 are going to be able to detect cancer. And what did he say?
300 He said, "The taxes are making it really hard for us as a
301 startup to do our job.'" And I am thinking, yeah, so that we
302 can throw money -- so that EPA has 10 times the money that it
303 had just 2 years ago.

304 The American people hold -- expect us, as their elected
305 representatives, to do the oversight, and that is what we
306 intend to do today. This is a massive infusion of funding in
307 recent years. EPA has been given \$100 billion -- \$100
308 billion for the President's radical rush to green agenda. It
309 is 10 times the amount this agency has in an annual
310 appropriation.

311 This hearing is an important part of our effort to
312 ensure accountability and transparency. And I thank Mr.
313 Hoover for being here. I look forward to you answering our
314 questions. This is our responsibility on behalf of the hard-

315 earned -- hardworking taxpayers all across his country.

316 I yield back.

317 *Mr. Griffith. The gentlelady yields back.

318 I now recognize the ranking member of the full
319 Committee, Mr. Pallone, for his 5 minutes of questions -- or
320 statement.

321 *Mr. Pallone. Thank you, Mr. Chairman.

322 Last Congress, Democrats delivered historic wins for the
323 American people by passing the Bipartisan Infrastructure Law
324 and the Inflation Reduction Act. These Democratic
325 investments are already growing our economy and creating
326 good-paying jobs while also cutting costs for American
327 families. And the Biden Administration is working to
328 complete implementation of these landmark laws, so we can
329 continue to build on the early success.

330 But instead of supporting these needed investments to
331 revitalize domestic manufacturing and accelerate clean energy
332 deployment, Republicans are desperately trying to undermine
333 the central programs before they even get off the ground.

334 Today's hearing is no different as Republicans
335 baselessly attack the EPA's Greenhouse Gas Reduction Fund.
336 This fund, created as part of the Inflation Reduction Act, is
337 critical to ensuring that nobody is left behind as we
338 transition to clean energy. For years, underserved
339 communities that have tried to invest in clean energy have

340 repeatedly run into obstacles accessing the necessary
341 capital. And the Greenhouse Gas Reduction Fund is designed
342 to fix that problem by building sustainable community lending
343 capacity, so everyone can benefit from clean energy.

344 The Inflation Reduction Act included \$27 billion for EPA
345 to build the Greenhouse Gas Reduction Fund. The EPA is still
346 implementing the fund and working through the award selection
347 process for each of the three funding opportunities announced
348 last year.

349 This program is a game changer. Third party estimates
350 project that investments made through the fund could save
351 Americans more than \$100 billion and create hundreds of
352 thousands of good-paying jobs over the next decade,
353 particularly in low-income and disadvantaged communities.
354 And this is what investing in America looks like -- good-
355 paying jobs today for a cleaner and healthier tomorrow.

356 This is exactly the kind of thing this Committee should
357 be getting behind, but not one Republican supported the
358 Inflation Reduction Act and now, true to form, they are
359 already attacking it. And their attacks are unwarranted.

360 EPA has already put in important safeguards to ensure
361 that taxpayer dollars are spent properly. Each funding
362 opportunity from the Greenhouse Gas Reduction Fund includes
363 mandatory reporting requirements that apply to any award or
364 subaward, so that EPA can assess award performance and the

365 progress on meeting key milestones.

366 EPA also included annual audits that allow it to monitor
367 how recipients are using their awards in order to make
368 certain that funds are being spent appropriately. EPA has
369 also the flexibility to make final awards contingent upon
370 recipients taking additional steps that mitigate award-
371 specific risks identified in the selection process.

372 And these are strong oversight requirements that EPA has
373 put into place to help ensure that every dollar goes towards
374 accomplishing the fund's goals. The Greenhouse Gas Reduction
375 Fund is critical to our efforts to meet the environmental and
376 economic challenges we face today. The worsening climate
377 crisis continues -- is wreaking havoc across the Nation,
378 costing families their homes, their livelihoods, their lives.

379 Wildfires and extreme weather events exacerbated by
380 climate change are ravaging our communities. Just last year,
381 Americans experienced more billion-dollar disasters than any
382 other year on record, and natural disasters linked to climate
383 change cost Americans more than \$92 billion. By drastically
384 cutting our emissions, we can aggressively combat the climate
385 crisis, protect our communities, grow our economy through the
386 clean energy transition, and save money in the long term.

387 I am always disappointed when Republicans say they care
388 about oversight but then make it clear at hearings that their
389 only intention is to tear down programs that they oppose.

390 They don't want the Greenhouse Gas Reduction Fund to work
391 because they don't want anything to undermine their agenda of
392 putting polluters over people.

393 And the size and scope of the Greenhouse Gas Reduction
394 Fund is very large, but so is the challenge of combating
395 climate change. Constructive congressional oversight can
396 enhance EPA's efforts to mitigate program risks and make
397 certain that every dollar has the greatest possible impact.
398 So for the future of our Nation and our world, we should be
399 doing everything we can to ensure that this program succeeds.
400 And I look forward to hearing from the witness today on how
401 we best can accomplish that.

402 And with that, I yield back the balance of my time,
403 Mr. Chairman.

404 *Mr. Griffith. I thank the gentleman for yielding back.

405 That concludes members' opening statements. The chair
406 reminds members that pursuant to the Committee -- to the
407 Committee's rules, all members' written and opening
408 statements will be made a part of the record. But we do
409 remind you to please provide those to the clerk promptly.

410 We want to thank our witness for being here today and
411 taking the time to testify before the Subcommittee. You will
412 have the opportunity to give an opening statement followed by
413 a round of questions from members.

414 Our witness today is Mr. Zealan Hoover, Senior Advisor

415 to the Administrator for the Environmental Protection Agency.
416 We appreciate you being here today, and I look forward to
417 hearing from you.

418 You are aware the Subcommittee is holding an oversight
419 hearing, and when doing so, we have the practice of taking
420 that testimony under oath. Do you have any objection to
421 testifying under oath?

422 *Mr. Hoover. No, sir.

423 *Mr. Griffith. Seeing no objection, we will proceed.
424 The chair advises you also that you are entitled to be
425 advised by counsel pursuant to House rules. Do you desire to
426 be advised by legal counsel during your testimony today?

427 *Mr. Hoover. No, sir.

428 *Mr. Griffith. Seeing none, if you would please stand
429 and raise your right hand.

430 [Witness sworn.]

431 *Mr. Griffith. Seeing the witness answered in the
432 affirmative, you are now sworn in and under oath, subject to
433 the penalties set forth in Title 18, Section 1001, of the
434 United States Code.

435 With that, I now recognize Mr. Hoover for 5 minutes to
436 give an opening statement. The floor is yours.

437

438 TESTIMONY OF ZEALAN HOOVER, SENIOR ADVISOR TO THE
439 ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY

440

441 *Mr. Hoover. Good morning, Chair Griffith, Ranking
442 Member Castor, Ranking Member Pallone, and members of the
443 Subcommittee. I am Zealan Hoover, EPA's Director of
444 Implementation for programs authorized by the Bipartisan
445 Infrastructure Law and the Inflation Reduction Act. Thank
446 you for the opportunity to testify today on EPA's
447 implementation of the congressionally-enacted Greenhouse Gas
448 Reduction Fund.

449 The Greenhouse Gas Reduction Fund is a first-of-its-
450 kind, national-scale competitive grant program, though it
451 will bring public and private capital together to address the
452 climate crisis, create good-paying jobs here at home, and
453 delivery lower energy costs for Americans, all while reducing
454 harmful pollution, particularly in low-income, disadvantaged,
455 and rural communities that have so often been left behind.

456 Today I want to tell you about the objectives of the
457 fund, how EPA is implementing the program, and EPA's work to
458 ensure the funding is spent responsibly, transparently, and
459 consistent with statute.

460 Through Section 134 of the Clean Air Act enacted by the
461 Inflation Reduction Act, Congress created the Greenhouse Gas
462 Reduction Fund and appropriated \$27 billion to remain

463 available until September 30 of this year. It is important
464 to emphasize that EPA is not authorized to directly fund
465 project investments. Instead, the statute defines eligible
466 grantees, and those grantees will provide the financial and
467 technical assistance to individual projects.

468 Section 134(a)(1) appropriates \$7 billion for
469 competitive grants to states, municipalities, tribal
470 governments, and eligible nonprofits to provide subgrants and
471 financial assistance to Solar for All grants that must enable
472 low-income and disadvantaged communities to deploy zero
473 emission technologies.

474 Sections 134(a)(2) and (a)(3) appropriate \$19.97 billion
475 for investment in any project, activity, or technology that
476 reduces or avoids greenhouse gas emissions and other forms of
477 air pollution or assists communities in their efforts to do
478 so. Congress specifically directed that \$8 billion of that
479 funding be used specifically in low-income and disadvantaged
480 communities.

481 EPA has designed three exciting grant competitions to
482 enact the statute with the following objectives. First,
483 reduce emissions of greenhouse gas emissions and other forms
484 of air pollutants. Second, deliver the benefits of those
485 investments to the communities across America that need it
486 the most. And, third, mobilize private capital, so that our
487 public dollars are bringing in the private sector, so that we

488 have much greater impact.

489 So about these competitions, first, the \$14 billion
490 National Clean Investment Fund competition will provide
491 grants to two to three national nonprofit institutions that
492 will partner with the private sector to provide affordable
493 financing and technical assistance for tens of thousands of
494 clean technology projects all across the country.

495 Second, the Clean Communities Investment Accelerator
496 competition will provide grants to two to seven national
497 nonprofits that will build the clean -- the capacity of
498 trusted community lenders working on clean financing in low-
499 income and disadvantaged communities. Together these
500 incredible programs will enable families and small businesses
501 to access previously unavailable financing for programs like,
502 for example, battery storage, community wind and solar,
503 geothermal heating and cooling, home energy retrofits, and
504 deployment of electric vehicle charging stations.

505 Third, the \$7 billion Solar for All competition will
506 award up to 60 grants to states, territories, tribal
507 governments, municipalities, and eligible nonprofit
508 recipients to build a future where clean, affordable, solar
509 energy is accessible to millions of households.

510 Since the end of the application period in October, EPA
511 has been conducting a robust evaluation and selection process
512 that draws on expertise within our agency and across the

513 Federal Government. Roughly 250 people from EPA, the
514 Department of Treasury, the Department of Energy, Department
515 of Agriculture, and other agencies have been reviewing and
516 scoring applications with each application scored by multiple
517 individuals.

518 Every step of the evaluation and selection process has
519 been conducted in line with the high standards of EPA's
520 competition policy and in close coordination with our career
521 ethics attorneys and the career staff from our Office of
522 Grants and Debarment.

523 All three competitions are now in the final stages of
524 the selection process, and EPA is on track to make awards by
525 our statutory deadline. To successfully implement this
526 program, EPA has brought together experts in clean energy
527 finance and underwriting financial oversight and more.

528 All entities receiving financial assistance from EPA may
529 only expend EPA funds in compliance with the applicable
530 statutory and regulatory requirements and the terms and
531 conditions of the assistance agreement regardless of whether
532 they receive the funds directly from EPA or as a subrecipient
533 or program beneficiary. EPA will also require detailed
534 reporting and audits to enable prudent oversight and public
535 transparency.

536 In conclusion, EPA appreciates the direction and
537 resources provided by Congress to implement this program that

538 will facilitate tens of thousands of clean technology
539 projects. We also appreciate that the Committee shares our
540 focus on ensuring taxpayer dollars are spent responsibly. We
541 are committed to transparency and openness with Congress and
542 will continue to keep you updated on our progress.

543 Thank you, and I look forward to your questions.

544 [The testimony of Mr. Hoover follows:]

545

546 *****COMMITTEE INSERT*****

547

548 *Mr. Griffith. Thank you very much for your testimony.
549 We will now move to the question and answer portion of the
550 hearing. I will begin the questioning and recognize myself
551 for 5 minutes.

552 Now, as I mentioned in my opening statement, under the
553 Greenhouse Gas Reduction Fund programs, the EPA will choose
554 grantees to then pass through billions of taxpayer dollars as
555 they see fit. Accountability for EPA's subgrantees is of
556 prime importance for the administration of this program.
557 What specific, get a little more than just your general --
558 you touched on it in your opening, but just a little bit more
559 specific -- what specific audit and debarment measures is the
560 EPA planning to include in the text of its award agreements?

561 *Mr. Hoover. Thank you, Chairman. We have four lines
562 of defense to ensure program integrity through this program,
563 and first is that robust evaluation and selection process
564 that I just spoke to. The first line of defense is to select
565 the very best and most qualified grantees.

566 Second line is to assign a certified project officer to
567 manage the grant and ensure compliance with all of the terms
568 and conditions. The third line of defense is that the
569 program office will review the standard reporting and audits
570 and conduct their own additional performance audits as
571 necessary. Fourth and final, our Inspector General and the
572 Inspector General's Office will conduct their own oversight

573 activities and audits that are in addition to the program-led
574 audits and the standard audits required under the yellow book
575 and green book.

576 *Mr. Griffith. Okay. So here is the question that a
577 lot of taxpayers are going to be asking as they watch this
578 from home. So we are giving out billions of dollars to
579 third-party groups, and you are going to have audits of
580 those, but what about the people they give the money to? Are
581 you going to have audits of them as well?

582 *Mr. Hoover. Thank you for that question, Congressman.
583 In accordance with 2 CFR 200, Section 501, each grantee is
584 going to be required to obtain a single audit from an
585 independent auditor if the grantee expends more than \$750,000
586 in federal funds.

587 *Mr. Griffith. And that includes the people, the third
588 party. So you are giving it to the XYZ organization, and
589 they give it to the ABC organization. That includes the ABC
590 organization?

591 *Mr. Hoover. Congressman, all of the audits will be
592 conducted in accordance with the Single Audit Act and OMB's
593 guidance on audits, which cover a wide range of programs
594 including subawards.

595 *Mr. Griffith. All right.

596 *Mr. Hoover. I would be happy to provide more
597 information on those standards.

598 *Mr. Griffith. And I appreciate that. With the EPA --
599 will the EPA commit to requiring the Greenhouse Gas Reduction
600 Fund grantees' subrecipients and passthrough entities to
601 provide information and be responsive to this oversight
602 subcommittee? Yes or no.

603 *Mr. Hoover. Congressman, we share your commitment to
604 a--

605 *Mr. Griffith. It is a yes or no. Will you guarantee
606 that those folks are going to respond to us? Not just to you
607 all, but also to us as the elected officials.

608 *Mr. Hoover. Congressman, we take this Committee's
609 oversight role very critically, and we are going to make sure
610 that we are responsive to all requests.

611 *Mr. Griffith. So that is a yes. I can put you down as
612 a yes, that not only you but you will make sure that the
613 subrecipients will also be responsive to this Subcommittee.

614 *Mr. Hoover. I fully expect that all of our
615 subrecipients--

616 *Mr. Griffith. So that is a yes. Can I put you down
617 officially as a yes?

618 *Mr. Hoover. Yes.

619 *Mr. Griffith. You are under oath. All right. That is
620 what I am looking for.

621 All right. Now here is the question that I am going
622 after that, and I know my colleagues want to say we are just

623 against these programs. And while I didn't vote for the
624 bill, and I am not sure we are going to spend all that money
625 in the right ways, once we commit as a Nation to spend that
626 money, I want to make sure it is spent right. So I want a
627 guarantee from you that you all are going to do better than
628 what the Department of Energy did under their program when
629 they lent money to Solyndra.

630 And let me run you back a lap, because you got into this
631 battle of you are going to pick winners and losers, and I get
632 that. You are going to pick some winners, and you are going
633 to pick some losers. Some of these programs are going to be
634 losers. We get that.

635 Here is what happened in Solyndra that was unacceptable.
636 They had a provision in their program and in the law that
637 said if they don't meet the standards, and they are in
638 default, we stop giving them money. Department of Energy
639 didn't follow that. They subrogated, also in violation of
640 the law, about \$150 million of taxpayer money. December --
641 they were in default on December 1, 2010.

642 They subrogated late December or early January 2011.
643 One of their own internal people said, "This company will not
644 survive, and I will go bankrupt, but -- by August, by the end
645 of August of 2011."

646 Well, they were off by a day. They went bankrupt on
647 September 1. They were supposed to contact Department of

648 Treasury. Under the rules, Department of Treasury -- I am
649 thinking of auditors here -- and Department of Justice if
650 they were going to do anything different in the contract, and
651 they were never supposed to subrogate. They never contacted
652 the Department of Justice. And when they contacted Treasury,
653 Treasury says, "We don't think you have authority to do this.
654 You better check with Justice," which they never did.

655 So the agency clearly violated the rules set forth in
656 the law. Can you assure me that the EPA is going to do
657 better than the past with the DOE? I understand it wasn't
658 EPA, but we need to make sure we are doing this. Because if
659 we are going to spend the billions of dollars of taxpayer
660 money, whether rightly or wrongly, we have to make sure on
661 this Subcommittee that it is being done correctly and that
662 taxpayers are getting a good shot at getting more winners
663 than losers.

664 Can you commit to me?

665 *Mr. Hoover. Congressman, thank you for that question.
666 As we heard in the opening comments, this is an incredible
667 opportunity to do great work. And so we -- I personally, and
668 everyone, is committed to spending every dollar to the
669 highest and best impact, and we are going to hold our
670 grantees to a very high rigorous standard. And they are
671 absolutely going to follow the law.

672 *Mr. Griffith. And if that doesn't happen, we ask you

673 to let us know, so we can go after it. All right? I
674 appreciate it and yield back.

675 I now recognize the gentlelady from Florida, Ms. Castor,
676 ranking member, for her 5 minutes of questions.

677 *Ms. Castor. Well, thank you, Mr. Chairman.

678 Thank you, Mr. Hoover, for being here. You know, I
679 think about my neighbors back home in the State of Florida.
680 They are really -- they are kind of getting hit right now by
681 a double whammy. Our investor-owned utilities have -- over-
682 rely on gas.

683 So their electric bills are out of sight right now.
684 Then the impacts of climate, the overheating climate, more
685 flooding, these very intense hurricanes, causes increases in
686 your flood insurance and property insurance. So people are
687 really hungry for ways to reduce their electric bills and
688 make their homes and businesses more resilient.

689 Talk in practical terms. Okay. Say there is a rural
690 community in Florida or there is a working class community.
691 A lot of those neighbors do not have the resources to go --
692 to handle that upfront capital cost maybe for solar panels on
693 the roof or on their business or their church.

694 How does the Greenhouse Gas Reduction Fund work in
695 practical terms? What do these local communities that don't
696 have a lot of capacity to upfront this money, how do they tap
697 into this? And what is -- what is the direction from EPA to

698 these partners across the country?

699 *Mr. Hoover. Congresswoman Castor, first, thank you for
700 your leadership on climate change, and thank you for the
701 opportunity to speak to this incredible program and what it
702 is going to mean for those folks in your district and all
703 across the country.

704 We know that there are investments that families, small
705 businesses, can make today, be it in solar panels and
706 storage, high-efficiency appliances, electric vehicles, that
707 will save them money and improve their air quality. The
708 challenge is that even though these investments will save
709 them money long term, they have a higher upfront cost. You
710 are paying more up front. You are saving money on the
711 operations over time.

712 And right now in too many parts of the country it is too
713 expensive to get an affordable loan to make one of those
714 investments, and too many folks are cut out from that
715 opportunity. And so what we are going to be doing through
716 this program is working to establish a network of
717 relationships with trusted financial institutions in
718 hopefully all of your districts all across the country, so
719 that when someone in your community is interested in putting
720 solar panels on their house or buying a heat pump, and they
721 go to their local trusted financial institution, there is a
722 financial product there that is affordable, it is easy, it is

723 standardized, it is seamless. They can make that investment
724 the same way that they would go to get any other financial
725 product, and then they can benefit from these investments,
726 which will be good for their pocketbook, good for their
727 family's health, and good for the climate.

728 *Ms. Castor. And then, how will that work with a -- say
729 a local government, a small city or town, if they want to do
730 something to benefit their -- whether they might have a
731 municipal utility or maybe they are tied to the investor-
732 owned utility? How will they be able to interact with the --
733 say your community bank or the other nonprofit that is
734 helping to lower costs, how will that work?

735 *Mr. Hoover. Absolutely. There is a few different ways
736 that local governments can benefit from these programs.
737 First, through the National Clean Investment Fund, our
738 grantees will have the opportunity to engage directly in and
739 finance projects at the local government level. And there
740 are so many ways that we can help local governments make
741 investments that are good for climate change, good for
742 climate resiliency, and also help them balance their books.

743 EPA, as you all know, has a big mission on clean water
744 and clean drinking water, and one of the areas I am most
745 excited about is our ability to shift our pump stations and
746 water treatment centers to low-cost renewable energy. It
747 cuts emissions, it reduces operating costs. Those costs flow

748 down to lower utility bills for consumers. You could see
749 financing for solar panels on schools or electric vehicles
750 for government workers in their official duties. And so
751 there are a lot of opportunities where we can take these, you
752 know, again, rigorous high standards for underwriting and
753 loans and make financing available to local governments to do
754 their work.

755 *Ms. Castor. And does this -- I think about the folks
756 in Rep. Cammack's district or in the panhandle of Florida or
757 southwest Florida or in St. Petersburg that have really been
758 flooded out or this intense storm comes through and they --
759 their insurance doesn't cover all of the costs of making
760 their home or business more resilient. Does the Greenhouse
761 Gas Reduction Fund, does it help with resiliency as well?

762 *Mr. Hoover. So we have identified a set of criteria
763 for qualified projects. Those are focused primarily around
764 our statutory direction of reducing climate emissions and
765 other air pollutants, but there is a number of co-benefits
766 that go with that. And so there are so many types of
767 investments where when you are going into a community to make
768 those investments that are good for the climate, you can be
769 smart, measure twice, cut once, and make investments that are
770 good for climate resiliency as well.

771 *Ms. Castor. Okay. Thank you very much. I yield back.

772 *Mrs. Lesko. [Presiding.] Yes. Thank you. Now I will

773 recognize Mr. Burgess for 5 minutes of questioning.

774 *Mr. Burgess. Thank you, Chair Lesko.

775 Let's talk for just a minute about some of the specific
776 evaluation criteria that you used to assess the 180
777 applications that you received across all three grant
778 programs. You got \$27 billion, and you received 180
779 applications. That doesn't seem like a very large amount for
780 that amount of money. Did it seem strange to the agency?

781 *Mr. Hoover. Thank you for that question, Congressman.
782 We intentionally made the application incredibly rigorous.
783 The ranking member lifted up a few of the printed out copies.
784 Each application is hundreds and hundreds of pages, and so we
785 wanted to make sure that only the most serious, qualified,
786 rigorous applications came through. So it is in line with
787 what our expectations were.

788 *Mr. Burgess. In your testimony you have said that you
789 wanted to involve the private sector, and yet for the 14
790 billion in the National Clean Investment Fund you are
791 providing grants to two to three national nonprofit
792 institutes. Where is the venture capitalist in this
793 equation?

794 *Mr. Hoover. So, Congressman, the requirement to first
795 provide awards to nonprofits resides in the statute. We only
796 have the statutory authority under Section 134 of the Clean
797 Air Act to issue awards to eligible nonprofits, and the

798 statute sets forth several criteria under which a nonprofit
799 is eligible to apply. But the goal and the way that we are
800 holding these -- or, rather, evaluating these nonprofits --
801 is to make sure that they have a clear plan to mobilize the
802 private sector, to bring in private capital, because that is
803 also a statutory mandate, and that is how -- in part how we
804 are going to assess our effectiveness in implementing this
805 program.

806 *Mr. Burgess. Why did you decide on awarding to
807 nonprofits as opposed to states, municipalities, or other
808 entities?

809 *Mr. Hoover. So in Section 134(a)(1), we have the
810 statutory authority for the \$7 billion to award to states,
811 municipalities, tribes, and eligible nonprofits. And in that
812 competition, we will be making a number of awards to local
813 and state and tribal governments. In Section 134(a)(2) and
814 (a)(3), we only have the statutory authority to make awards
815 to nonprofits.

816 So Chair Griffith went through some history on some
817 failed programs in the past, and, granted, they were
818 Department of Energy, not EPA, but a lot of us on this
819 Committee have concern that we don't ever want to be in that
820 position again. And with Solyndra we were talking about \$100
821 million, and here we are talking about \$27 billion. So the
822 types of controls you see, you have got robust oversight.

823 Let me just ask you, as a member of Congress, what can
824 we expect to hear from you on the reports that you are going
825 to -- you are going to create?

826 *Mr. Hoover. Thank you for that question, Congressman.
827 First, I want to hopefully assuage some of your concern by
828 stressing that one key difference between this program and
829 some of the programs that have an important role in funding
830 early stage investments is that this program is really about
831 deployment of proven commercialized technologies.

832 And so we are not going to see these kinds of big
833 investments in early stage, potentially untested programs.
834 There is a time and a place for that type of American
835 innovation and leadership, but that is not going to be
836 happening in this program. And so that at the sort of
837 beginning does a lot to derisk the individual investments.

838 To your specific question about reporting, we are going
839 to require rigorous quarterly and annual financial reporting
840 in accordance with the federal regulations under 200 CFR
841 200.329 that includes reporting on grant expenditures,
842 environmental outputs and outcomes, and financial statements
843 and disclosures including, importantly, audited financial
844 statements consistent with the single audit requirements.

845 *Mr. Burgess. Well, there has already been some concern
846 expressed that auditing is not something that occurs at the
847 EPA, so I hope that you are correct in that.

848 Let me just ask you something that is sort of off topic
849 a little bit, but you are the EPA, so -- and we don't get you
850 in here very often, so -- I just purchased my fourth hybrid
851 vehicle since 2003. I like the hybrid. I like the
852 technology. My regret is that we haven't invested the energy
853 in plug-in hybrids that we have in fully electric
854 automobiles. Does the EPA play any role in that?

855 *Mr. Hoover. Congressman, that question pertains to
856 some of the regulatory work in our office. I would be happy
857 to have my team follow up with you on that question.

858 *Mr. Burgess. Well, I wish you would, because it has
859 been -- again, it is a regret of mine that, yes, I was able
860 to buy my first pickup truck that is a hybrid. In Texas,
861 that is important. But I would much rather have a plug-in
862 hybrid if I could, so that all of my commuting around town is
863 basically off the battery, but then if I need to go to the
864 mountains or the beach, I can fill up the car and off I go.

865 Thank you, Chairman Lesko. I will yield back.

866 *Mrs. Lesko. Thank you.

867 And now we will recognize Rep. Schakowsky for 5 minutes
868 of questioning.

869 *Ms. Schakowsky. Thank you so much. You know, I feel
870 really frustrated when we have conversations about the
871 environment. Most Americans understand that there is a
872 climate crisis, partly because they live it every day. They

873 are finding it in their -- in their communities, the
874 flooding, the extreme weather events that are really
875 affecting them very personally.

876 And so I feel like every time we talk about addressing
877 it in a real and concrete way where we have the expenditures
878 but also the outcomes that we expect in detail that somehow
879 this is some kind of a slush fund that the President and the
880 EPA just wants to hand out. These are very important things.
881 And I wanted to focus mostly on the issue of air pollution.

882 We have talked about air pollution for decades, and yet
883 we find that recent studies have found that air pollution is
884 responsible for over 100,000 premature deaths and nearly
885 \$1 trillion in health costs. And the -- and we know that
886 low-income communities are most vulnerable. In the city of
887 Chicago, we have had a cumulative map that was done of -- in
888 our community, and we have found, not surprisingly, that
889 black and brown communities are suffering most from air
890 pollution.

891 And it is not just a matter of addressing -- and that is
892 so important -- the health factors, and if you could talk a
893 little bit about that, but also the jobs that are created. I
894 would like to hear you talk about some of the jobs that will
895 be created because of this program.

896 I know that there has been criticism somehow of not-for-
897 profit organizations, and yet time after time we are hearing

898 about how we are failing to help the most wealthy for-profit
899 organizations, Big Oil and Big Gas, that we should be paying
900 more attention to make sure that those industries that are
901 the center of the environmental crisis in many ways, that we
902 have to pay more attention to that.

903 I am glad to hear about the oversight that you are going
904 to be doing of these nonprofit organizations, but I am
905 wondering if you could talk about how the EPA is doing to
906 ensure that these low-income communities are going to
907 particularly I hope be addressed.

908 *Mr. Hoover. Thank you, Congresswoman, for that
909 important question. And, really, talking about air pollution
910 and jobs are two of the bright spots of this incredible
911 program. By statute, we are directed to focus both on
912 climate emissions and air pollution, and we are directed to
913 focus on low-income and disadvantaged communities. And so
914 that is exactly what we have done in this program, as we do
915 across all of our programs at EPA.

916 And I am really excited. I mentioned in my opening
917 statement tens of thousands of projects across the country.
918 What that means is tens of thousands of homes that are
919 replacing polluting equipment with zero emission forms of
920 heating or cooling.

921 It is families that can, you know, upgrade to solar
922 panels and storage. It is families that can afford to

923 purchase an electric vehicle, and that is going to both
924 benefit them directly and reduce their indoor air pollution,
925 the household air pollution. It is also going to benefit
926 their surrounding communities. And so as this program gets
927 rolling, I expect that in the communities that have -- are
928 currently most overburdened by air pollution, in Chicago and
929 in communities across the country, we are going to see these
930 types of projects touching down with real meaningful input.

931 And, of course, every time you are installing a piece of
932 clean technology equipment, someone is doing that work. That
933 is a job that is getting created, and we have included in our
934 evaluation of the program making sure that everyone we
935 partner with has a plan to make sure that these are good,
936 quality American jobs, so that we are building out that
937 middle class again.

938 *Ms. Schakowsky. Let me just ask in the few seconds I
939 have, have you made any kind of estimate about the level of
940 job creation that this program could bring to us, how many
941 jobs can be created?

942 *Mr. Hoover. Not at this time. But as soon as we make
943 our selections and we are able to analyze the plans of the
944 individuals that we selected, then we really look forward to
945 being able to quantify the incredible impact they will have.

946 *Ms. Schakowsky. And we look forward to hearing that.
947 Thank you so much for your testimony.

948 I yield back.

949 *Mrs. Lesko. Thank you.

950 And now I recognize the chairwoman of the Committee,
951 Representative McMorris Rodgers, for 5 minutes.

952 *The Chair. Of the three Greenhouse Gas Reduction Fund
953 programs, 27 billion, the most expensive is the National
954 Clean Investment Fund, which will distribute \$14 billion.
955 Under this program, EPA will choose two to three nonprofits
956 to operate long-term financing institutions or green banks.

957 So \$14 billion going to a few groups to hand out as they
958 see fit. While the EPA has not disclosed its list of
959 applicants, media reports have identified five organizations
960 seeking NCIF funding. The list of potential recipients
961 reinforces my concerns that the Biden Administration is using
962 this program to advance partisan interest and enrich
963 political allies.

964 Here is a few of the examples. One serious contender
965 for a share of this \$14 billion is Power Forward Communities.
966 This new entity, which has been formed to secure a Greenhouse
967 Gas Reduction Fund award, is a coalition of several
968 organizations including Rewiring America. Rewiring America's
969 leadership includes a former Obama White House appointee, a
970 former employee of liberal political action committees,
971 Democratic politician, Stacey Abrams. Rewiring America is a
972 project of the Wind Forward Fund, which is controlled by

973 Arabella Advisors. Arabella Advisors funnels donations to
974 many, various far left-leaning nonprofits.

975 Another example, the board of another applicant, the
976 Coalition for Green Capital, includes former Biden
977 Administration officials and a former senior staffer of the
978 Democratic National Committee. These include David Hayes, a
979 former senior official of President Biden's White House
980 Climate Policy Office, who was central to advancing President
981 Biden's climate agenda.

982 So, Mr. Hoover, how will the EPA prevent organizations
983 led by former Biden appointees, especially those who have had
984 a role in pushing for the passage of the Inflation Reduction
985 Act and designing the program, from gaining an unfair
986 advantage in the application process for any of these
987 programs?

988 *Mr. Hoover. Thank you for that question, Chairwoman.
989 Thank you for the opportunity to be here today. The
990 evaluation and selection process for all three competitions
991 is being conducted in line with the highest standards of
992 federal ethics rules and the EPA competition policy, which
993 ensures the fair and impartial treatment of all applicants.

994 And so every individual participating in the evaluation
995 and selection process has been screened according to those
996 rigorous federal standards.

997 *The Chair. Thank you. Thank you. Will these

998 applicants be complying with the conflict of interest
999 policies when deciding which subrecipient should receive
1000 funding? And it seems like this is a massive undertaking
1001 given the use of passthrough entities to distribute funds?

1002 *Mr. Hoover. So what we did is we have established
1003 70 evaluation criteria for these competitions. We have
1004 brought together 250 experts from across multiple federal
1005 agencies. We are assessing our applicants against those
1006 evaluation factors.

1007 *The Chair. And will that go to the subgrantees also?

1008 *Mr. Hoover. So applicants applied in many cases as
1009 parts of coalitions and with named subrecipients, and so we
1010 are looking at their holistic plan. And, again, these are
1011 expert --

1012 *The Chair. Okay. Thank you.

1013 *Mr. Hoover. -- folks who are --

1014 *The Chair. Thank you. My question is -- so we have,
1015 let's see here, \$14 billion going to two to three entities.
1016 My question is, are you going to be -- are you going to be
1017 looking at how -- if those recipients comply with the
1018 conflict of interest policies?

1019 *Mr. Hoover. So of the 70 criteria that we are
1020 assessing them against, there is a number of governance
1021 standards, financial risk management standards, and other
1022 requirements that --

1023 *The Chair. So is the answer yes or no? Are you going
1024 after the subrecipients? Or, I mean, not going after, but
1025 are you holding them to the standard, the subrecipients?

1026 *Mr. Hoover. Congresswoman, if your question is
1027 specifically which federal ethics requirements --

1028 *The Chair. No, no, no, no, no. My question is, EPA is
1029 getting ready to give \$14 billion to two to three nonprofits.
1030 Those nonprofits are going to distribute the \$14 billion. My
1031 question is, are those -- the recipients of the \$14 billion
1032 going to be subjected to any of the conflict of interest
1033 policies?

1034 *Mr. Hoover. They will be subject to all of the terms
1035 and conditions of their financial assistance agreement, which
1036 is going to enshrine all of --

1037 *The Chair. Okay. Thank you.

1038 *Mr. Hoover. -- the requirements of --

1039 *The Chair. Thank you.

1040 *Mr. Hoover. -- notice of funding.

1041 *The Chair. I will follow up in writing. Will the EPA
1042 make copies of selected applications available following this
1043 announcement?

1044 *Mr. Hoover. Ma'am, we will work with the Committee to
1045 produce documents upon request. I would have to check on our
1046 ability to share competition documents.

1047 *The Chair. How are you going to track the

1048 subrecipients and their money?

1049 *Mr. Hoover. So we have extensive requirements around
1050 reporting that we apply to this and the many thousands of
1051 other grant awards that EPA makes. Those are set under
1052 federal regulation, and we will be holding them accountable
1053 to those federal requirements.

1054 *The Chair. Much more to come. It is still -- it still
1055 just is beyond my comprehension that there is no internal
1056 audit at EPA. So I guess I am like, it sounds good perhaps,
1057 but the question is -- I mean, we can't get answers for
1058 current EPA funding. So stay tuned, everyone.

1059 I yield back.

1060 *Mrs. Lesko. Now I recognize the ranking member of the
1061 Committee, Representative Pallone, for 5 minutes of
1062 questioning.

1063 *Mr. Pallone. I thank the chairwoman.

1064 The Democrats' Inflation Reduction Act passed last
1065 Congress includes historic investments to combat the harmful
1066 effects of climate change and provide much-needed resources
1067 to states and communities to build a cleaner and more
1068 sustainable future.

1069 These crucial investments are accelerating America's
1070 clean energy transition and helping Americans save money on
1071 their energy bills. And the Greenhouse Gas Reduction Fund is
1072 key to ensuring communities across the country can apply for

1073 funding for a variety of projects promoting clean energy
1074 initiatives.

1075 I have a series of questions, Mr. Hoover. Let me first
1076 ask, how will the Greenhouse Gas Reduction Fund help
1077 Americans benefit from clean energy and other pollution-
1078 reducing technologies? Briefly, though, because I have a lot
1079 of questions.

1080 *Mr. Hoover. Ranking Member Pallone, first, I just want
1081 to thank you for your leadership role in passing the
1082 Inflation Reduction Act and giving us this incredible
1083 opportunity. We are going to be through this fund providing
1084 financing to households, communities, small business, to
1085 deploy tens of thousands of clean technology projects.

1086 And so the impacts are going to be wide, they are going
1087 to be varied, and they are going to be directed to the
1088 households and the communities that will most benefit from
1089 those investments that cut energy bills and reduce localized
1090 air pollution.

1091 *Mr. Pallone. Thank you. Now can you describe where
1092 EPA is currently in the process of implementing the program
1093 and when we can expect awardees to be announced?

1094 *Mr. Hoover. We are nearing the end of our evaluation
1095 and selection process. We look forward to announcing
1096 selections as early as March, and we are on track to have all
1097 of the funding awarded by our statutory deadline later this

1098 year.

1099 *Mr. Pallone. Well thank you. Now what is EPA's
1100 ongoing role going to be after the Greenhouse Gas Reduction
1101 Fund grants are awarded?

1102 *Mr. Hoover. Once the grant awards are made, there will
1103 be a project officer assigned, and EPA's responsibility is to
1104 ensure that our grantees are adhering to all of the terms and
1105 conditions of that award agreement, which is a legal
1106 agreement between the Federal Government and the grantee.

1107 And I will just say that in the last 7 years EPA has
1108 awarded 18,000 grant awards. We know how to do grant awards,
1109 we know how to manage grant awards, and we are really looking
1110 forward to managing these.

1111 *Mr. Pallone. All right. Now I think that
1112 clarification is important for us to move beyond some of the
1113 assertions, you know, that I think are baseless that have
1114 been made by the Committee Republicans about the program. So
1115 let me ask you two more questions. EPA has extensive
1116 experience managing grant programs -- you mentioned that --
1117 and ensuring that grant money is spent appropriately.

1118 So just explain how that experience is being used in
1119 your implementation of the Greenhouse Gas Reduction Fund.

1120 *Mr. Hoover. Thank you for the opportunity to speak to
1121 that, Congressman. We have built an Office of the Greenhouse
1122 Gas Reduction Fund, and we have pulled in expertise from

1123 across EPA and across the Federal Government. And so there
1124 have been a few stages of this, the design stage, the
1125 evaluation and selection stage, and then we will be moving
1126 into the implementation stage. We have a fantastic career
1127 staff led by a career director and a career deputy director.

1128 We are hiring in and pulling in from across EPA and
1129 other agencies the very best project officers and audit
1130 staff, and that career-led office of fantastic EPA career
1131 staff are the ones that are going to be working with our
1132 grantees to provide them support, so that they are
1133 successful, but also to make sure that we are holding them
1134 accountable and adhering to the high standards of
1135 transparency and integrity that we have been talking about
1136 today.

1137 *Mr. Pallone. All right. Last question is, how is EPA
1138 working with other federal agencies to mitigate any of the
1139 risks to the fund?

1140 *Mr. Hoover. We have been incredibly fortunate to have
1141 the support of our partners across the federal family. We
1142 have had reviewers from Department of Treasury, Department of
1143 Agriculture, Department of Energy, Housing and Urban
1144 Development, and others. They have been playing a critical
1145 role in this evaluation and selection process.

1146 Prior to that, they played a critical role in drafting
1147 the notices of funding opportunity to make sure that we are

1148 drawing from the best ideas from across Federal Government.
1149 And as we move forward in implementation, we fully intend to
1150 continue drawing on our expertise, both across relevant EPA
1151 programs and across other federal agencies to manage this
1152 program effectively.

1153 *Mr. Pallone. All right. Thanks so much. Obviously,
1154 the investments in the Inflation Reduction Act reflect the
1155 size of the challenge that climate change poses to every
1156 community, and our focus has to be on supporting effective
1157 implementation of all of those investments. But I thank you
1158 for your response about how you are going about it. I
1159 appreciate it.

1160 And I yield back, Madam Chairwoman.

1161 *Mrs. Lesko. Thank you.

1162 Now I recognize Representative Duncan for 5 minutes of
1163 questioning.

1164 *Mr. Duncan. Thank you, Madam Chair. You know, the
1165 challenges of the size and scope of anything that the local
1166 communities have to deal with is the size and scope of the
1167 Federal Government, which continues to grow, and it is no
1168 wonder we are \$34 trillion in debt.

1169 The Inflation Reduction Act's Greenhouse Gas Reduction
1170 Fund language includes elements associated with green banks.
1171 While green banks currently exist, they are a relatively new
1172 type of institution. In particular, the publicly-revealed

1173 applicants for the National Clean Investment Fund are new
1174 organizations formed by several smaller organizations for the
1175 purpose of obtaining Greenhouse Gas Reduction Fund money.

1176 EPA's Environmental Financial Advisory Board reviews the
1177 aspect of the program and provide feedback. Among many other
1178 observations, this Advisory Board has noted that existing
1179 organizations have not operated at the scale this program
1180 would require, creating management execution risk.

1181 While I understand the EPA will not comment on specific
1182 applications, how has the EPA evaluated applications by new
1183 organizations or new coalitions of existing organizations to
1184 ensure they have the capacity and management structure to
1185 handle this type of money?

1186 *Mr. Hoover. Thank you for that question, Congressman.
1187 We developed for the NCIF and CCIA competitions incredibly
1188 robust applications with over 70 evaluation factors that
1189 included elements of past performance, investment strategy.
1190 Our applicants were able to speak to their track record as an
1191 established organization. Or if they are a new financial --
1192 or, sorry, a new organization that is pulling together a
1193 coalition of existing organizations, they have some
1194 opportunities to speak to the expertise of their coalition
1195 members.

1196 But at the end of the day, every applicant is being held
1197 to the same high standards, and only the most qualified are

1198 going to receive a grant from this agency.

1199 *Mr. Duncan. How has the EPA required them to
1200 demonstrate this competency? What are some of the things you
1201 are looking at?

1202 *Mr. Hoover. So we have been looking at a wide range of
1203 past performance indicators and also their forward-looking
1204 investment strategies. I have personally found it quite
1205 compelling to, you know, look at historic loss ratios and
1206 other information about the rigor that they have brought to
1207 their financial oversight and management in their prior
1208 investments and programs.

1209 *Mr. Duncan. Kind of like the offshore wind projects
1210 that are current failing because they can't support
1211 themselves under the weight of the financial obligations they
1212 have without the government subsidy money. We could go on
1213 and on about this.

1214 You mentioned that people were brought in to run the
1215 program, so I am not going to ask about the expertise the
1216 staff may have in providing financial services. As green
1217 banks are a relatively new concept, how did EPA go about
1218 designing any safeguards included in the program for
1219 preventing fraud and abuse of these nonprofits?

1220 *Mr. Hoover. So, Congressman, I prefer to use the term
1221 "community lender," because when we designed the program, we
1222 didn't want to be focused on any particular type of entity,

1223 but rather look at those public, quasi-public, or nonprofit
1224 financial entities. So that could include eligible green
1225 banks you spoke to. It could also include CDFIs, credit
1226 unions, the types of trusted financial institutions that I
1227 imagine have long track records in your district and all of
1228 you all's districts here in the room today. And we are
1229 really excited about picking partners that have networks that
1230 will get really good rigorous work done.

1231 *Mr. Duncan. But this isn't a match program, right? It
1232 is a grant program. So you are not looking at matching what
1233 the financial institutions are lending these organizations
1234 and matching them with these grants? Is that not correct?

1235 *Mr. Hoover. So what we are going to be doing is
1236 selecting the very best partners for our grants. And then
1237 for these two competitions, our direct grantees who have that
1238 direct relationship with EPA are going to be in the case of
1239 NCIF providing both financial products and direct investments
1240 across the country.

1241 And in the Clean Community Investment Accelerator
1242 Program, they are going to be providing subawards to a wide
1243 range of those community financial institutions to stand up
1244 green lending programs.

1245 *Mr. Duncan. Will the EPA allow nonprofit grantees to
1246 collect fees for their financial services?

1247 *Mr. Hoover. So we will have terms and conditions that

1248 prevent private profit from public dollars in the program.

1249 *Mr. Duncan. How will the EPA determine what fees are
1250 appropriate?

1251 *Mr. Hoover. So program revenue, so revenue that our
1252 grantees and their subgrantees earn off of these programs --
1253 off of their financial instruments and investments have to be
1254 recycled back into that program.

1255 So one of the exciting things about this program is that
1256 it has the opportunity to recycle, that it is not just \$27
1257 billion, but it is in many ways similar to other revolving
1258 loan funds in the Federal Government that Congress has
1259 authorized where we will make investments. Those investments
1260 will be repaid. That will provide additional funding that we
1261 can do -- continue to deploy. That has to be segregated from
1262 other business lines.

1263 *Mr. Duncan. Yeah. Let me -- last one, last question.
1264 Is greater reliability a factor for the EPA in selecting
1265 grantees?

1266 *Mr. Hoover. We care critically about that issue, and I
1267 know it has been a frequent topic of conversation in the
1268 context of our regulatory work. We are also looking at it
1269 here.

1270 *Mr. Duncan. Thank you. My time has expired. I yield
1271 back.

1272 *Mrs. Lesko. Now I recognize Representative Tonko for

1273 5 minutes of questioning.

1274 *Mr. Tonko. Thank you, Madam Chair. Rapidly
1275 transitioning to low-cost clean energy gives us the best
1276 chance to reduce our emissions and prevent the worst effects
1277 of climate change. Greenhouse Gas Reduction Fund investments
1278 are just one of the many ways that Democrats are delivering
1279 on good-paying jobs that will grow the middle class and
1280 accelerate the energy transition.

1281 Independent estimates project that the Greenhouse Gas
1282 Reduction Fund would create roughly one million jobs over the
1283 next decade. More than 350,000 of those jobs will be created
1284 in low-income and disadvantaged communities. In fact, we are
1285 beginning to see those data come in with the economy
1286 measurements that are done.

1287 This will strengthen our economy today and predict --
1288 protect our future from climate change. My Republican
1289 colleagues lob complaints at the Greenhouse Gas Reduction
1290 Fund instead of trying to ensure its success. EPA, on the
1291 other hand, is working diligently to implement IRA
1292 investments with strong guardrails to mitigate risk and make
1293 certain that American workers and families directly benefit.
1294 So, you know, we appreciate that sense of mission.

1295 Mr. Hoover, thank you for your leadership and for
1296 introducing a good opportunity here. What steps is EPA
1297 taking to identify and mitigate risks as it implements the

1298 Greenhouse Gas Reduction Fund?

1299 *Mr. Hoover. Thank you for that question, Congressman,
1300 and for the opportunity to speak to the work that we have
1301 been doing. We have four lines of defense to ensure program
1302 integrity. And the first is, as we were just speaking to the
1303 very intense and rigorous selection process that we have been
1304 running with hundreds of expert career staff from across the
1305 Federal Government, we are going to pick the very best, most
1306 qualified partners.

1307 Second line of defense is our experience career project
1308 officers will be assigned to those grants, and they will hold
1309 our grantees responsible for the terms and conditions of that
1310 federal contractual relationship they have with EPA.

1311 Third, our program office will be conducting standard
1312 audits and reviewing reporting, and then of course we have
1313 the Office of the Inspector General and they play a critical
1314 role as the fourth line of defense in their oversight and
1315 audit work as well.

1316 *Mr. Tonko. Thank you very much. And how will EPA work
1317 with awardees to ensure that every grant dollar is spent to
1318 accomplish the IRA's bold climate and energy goals?

1319 *Mr. Hoover. Thank you for that question, Congressman.
1320 One of the key ways that we will achieve that is by making
1321 sure and holding our grantees accountable for investing in
1322 projects that meet the qualified project definition as

1323 defined in the notice of funding opportunity.

1324 And we set out a few requirements that operationalize
1325 the statutory requirement that we reduce or avoid greenhouse
1326 gas emissions and other forms of air pollution and assist
1327 communities in doing so. And so all of the funding that is
1328 spent through this program, it has to be consistent with U.S.
1329 climate goals. It has to reduce or avoid emissions and other
1330 air pollutants. It has to deliver the co-benefits in a
1331 meaningful way to U.S. communities. And it has to finance
1332 projects that wouldn't otherwise have been financed.

1333 This program is really about mobilizing private capital
1334 to achieve impacts that otherwise we would not have the
1335 opportunity to benefit from.

1336 *Mr. Tonko. Excellent. Mr. Hoover, the Inflation
1337 Reduction Act included Build America Buy America requirements
1338 that apply to the Greenhouse Gas Reduction Fund. Buy America
1339 requirements are essential to maximizing the impact of
1340 federal investments fueling our economy while fighting
1341 climate change. How is EPA implementing those requirements
1342 in the Greenhouse Gas Reduction Fund?

1343 *Mr. Hoover. So this program is subject to the Build
1344 America Buy America requirements, and, therefore, any iron
1345 and steel manufactured products or construction materials
1346 that our grantees purchase through their award activities
1347 have to be made in America. And as the ranking member

1348 mentioned, there have been hundreds of billions of dollars in
1349 private investment in American manufacturing, and so we are
1350 confident that as this program gets rolling, and as we are
1351 funding those tens of thousands of projects, there is going
1352 to be a pipeline of American manufactured goods and equipment
1353 to meet that demand.

1354 *Mr. Tonko. Thank you. And how can EPA verify awardee
1355 compliance with Buy America requirements? And what steps can
1356 EPA take if those requirements indeed are not being met?

1357 *Mr. Hoover. EPA is incredibly fortunate that we have a
1358 decade of experience administering the American iron and
1359 steel requirements in our Office of Water. And so as soon as
1360 the Build America Buy America law was passed, we immediately
1361 drew on that expertise. And we have been working to apply
1362 these requirements across all of our Bipartisan
1363 Infrastructure Law and Inflation Reduction Act programs.

1364 And so we are building out a rigorous Build America Buy
1365 America oversight and management program that starts with
1366 technical assistance to help our grantees understand their
1367 obligations and comply, and it ends with that audit and
1368 oversight to ensure that they are applying -- or
1369 administering it appropriately.

1370 *Mr. Tonko. Thank you. Well, constructive
1371 congressional oversight enhances program guardrails and can
1372 further mitigate risk once EPA makes awards. So let's make

1373 certain that -- excuse me -- we are doing the right kind of
1374 oversight here to ensure that a program is being implemented
1375 correctly rather than trying to smear it before it even gets
1376 off the ground.

1377 And with that, Madam Chair, I yield back.

1378 *Mrs. Lesko. Thank you.

1379 Now I recognize Representative Guthrie for 5 minutes of
1380 questions.

1381 *Mr. Guthrie. Thank you, Madam Chair. I appreciate the
1382 recognition.

1383 Thank you for being here, Mr. Hoover. Kind of following
1384 what my friend from New York was just talking about in the
1385 Buy America, I know you talk steel construction, iron, those
1386 kind of products. But in the green energy supply chain, just
1387 the nature of it, there are foreign entities that you will
1388 buy from in the green energy supply chain, and, you know, my
1389 concern is about China.

1390 And when you talked about the terms and conditions and
1391 audits and inspectors, I guess my question is, what are the
1392 terms -- what I am going to get to is the terms and
1393 conditions of dealing with China. And when I say the
1394 Communist Party of China, that is inseparable from the
1395 government. They are one and the same.

1396 And then any entity in China is comingled. There is not
1397 an entity in China that doesn't have some relationship with

1398 the Communist Party or they wouldn't exist.

1399 And so, additionally, it appears that some of the awards
1400 from the Greenhouse Gas Reduction Fund will go to nonprofits
1401 or coalitions of nonprofits, and EPA has stated that it will
1402 only be making awards to applicants and incorporating the
1403 United States. Additionally, the EPA has stated the
1404 Committee that it will -- to the Committee that we require
1405 nonprofit applicants to submit supporting evidence of their
1406 eligibility for the program.

1407 However, I would like to learn a little bit about how --
1408 EPA efforts to prevent foreign entities from China from
1409 exploiting the fund. And so my question gets to, will the
1410 EPA request any information on foreign ties or interests of
1411 applicants, coalition members, or partner organizations? And
1412 what kind of due diligence or background research will EPA do
1413 to ensure the applicants, coalition members, or partner
1414 organizations are truthfully representing themselves in their
1415 applications?

1416 *Mr. Hoover. Thank you for that question, Congressman.
1417 We appreciate and share your concern, and that is why one of
1418 the terms and conditions in each of the award agreements is
1419 going to be a prohibition against entering into any form of
1420 contractual relationship with a foreign entity of concern.
1421 And the terms and conditions are a legally binding agreement,
1422 and those then become subject to all of the oversight by both

1423 our program office and our Inspector General's Office. And
1424 so this is an issue that we are going to be following very
1425 closely and that will be a core --

1426 *Mr. Guthrie. So entities can't purchase anything
1427 through supply chains that come from foreign -- any foreign
1428 country? It is not just iron? It is not just the Buy
1429 America Agreement. Any foreign country cannot -- you can't
1430 purchase anything from any foreign country?

1431 *Mr. Hoover. So they won't be able to enter into a
1432 direct contractual relationship with or subaward funding to a
1433 foreign entity of concern. So that is one layer of defense
1434 on this issue. The other layer of defense is the Build
1435 America Buy America provisions. And so, you know, you won't
1436 be able to directly enter into a relationship with one of
1437 those entities. And then if you are going out and you are
1438 issuing a procurement, the goods that you are purchasing are
1439 also going to have to meet the very rigorous and statutory
1440 Build America Buy America law.

1441 *Mr. Guthrie. Okay. But that is certain commodities,
1442 not necessarily everything in the supply chain.

1443 *Mr. Hoover. It is iron, steel, manufactured products,
1444 and construction material, and so it is --

1445 *Mr. Guthrie. Right. But there are other things that
1446 you will --

1447 *Mr. Hoover. -- quite comprehensive.

1448 *Mr. Guthrie. -- that you will buy. It is
1449 comprehensive, but there are a lot of things in the green
1450 energy supply chain that aren't those categories.

1451 *Mr. Hoover. But it includes those categories if they
1452 are inputs to those products. So this is something that we
1453 are looking at very closely with the Made in America office
1454 in the Office of Management and Budget, because if you are
1455 talking about heat pumps, solar panels, electric vehicles,
1456 you are looking at the inputs, both -- those may be
1457 considered manufactured products themselves and then also the
1458 iron, steel, and manufactured inputs.

1459 And so when you roll it up, it is a quite expansive --

1460 *Mr. Guthrie. But there are a lot of electronics and a
1461 lot of -- a lot of things that go into an electric vehicle,
1462 battery, elements to the battery. So when you say we only
1463 can buy electric vehicle manufacturing in the United States,
1464 there are a lot of inputs that go into an electric vehicle.
1465 So lithium for the battery that goes in an electric vehicle.
1466 Does all of that have to be -- if you are going to use this
1467 money, it has to be domestic, U.S. domestic?

1468 *Mr. Hoover. So we are going to be implementing these
1469 requirements consistent with how we are implementing the
1470 Build America provisions across all of our programs, which
1471 consistent with the President's direction is rigorously and
1472 expansively. We would be happy to follow up in writing with

1473 more detail about --

1474 *Mr. Guthrie. You couldn't do a joint venture with a
1475 Chinese battery company --

1476 *Mr. Hoover. I don't believe so.

1477 *Mr. Guthrie. -- with this money.

1478 *Mr. Hoover. I believe that that would --

1479 *Mr. Guthrie. Or could you buy lithium from China to go
1480 into a battery with this money, to buy an electric car? So I
1481 understand when you said we are going to buy an electric car,
1482 you can make it in Detroit. But there is thousands of inputs
1483 that go into that electric car.

1484 *Mr. Hoover. What is exciting about the Inflation
1485 Reduction Act is it is shifting the entire American economy
1486 to reclaim that mantle of leadership in these technologies.
1487 And so I am confident that because of these hundreds of
1488 billions of dollars in new clean energy manufacturing
1489 announcements that have been made, coupled with these
1490 requirements, by the time our grantees are funding projects
1491 there is going to be a robust pipeline of domestically
1492 manufactured options and --

1493 *Mr. Guthrie. But if not, they can still purchase from
1494 China or somewhere else.

1495 *Mr. Hoover. It would -- they would still need to --

1496 *Mr. Guthrie. I know you are betting on the come, but
1497 if it doesn't happen, they can't -- they are not prohibited

1498 from buying somewhere else.

1499 *Mr. Hoover. They would still be required to adhere to
1500 the Build America Buy America provisions.

1501 *Mr. Guthrie. Which is not every product in an electric
1502 car.

1503 *Mr. Hoover. It looks at the overall value of the bill
1504 of materials in the car. So it is a rigorous --

1505 *Mr. Guthrie. But it is 100 percent.

1506 *Mr. Hoover. -- statutory requirement that we are
1507 implementing to the best of our abilities.

1508 *Mr. Guthrie. Thank you. I yield back.

1509 *Mrs. Lesko. Thank you.

1510 And now I recognize Dr. Ruiz for 5 minutes of
1511 questioning.

1512 *Mr. Ruiz. Thank you. The Greenhouse Gas Reduction
1513 Fund is structured to direct resources toward clean projects
1514 in underserved rural communities that lack access to
1515 affordable capital. Individuals residing in low-income,
1516 rural, or disadvantaged communities, such as those in my
1517 district, like El Centro, Blythe, Calexico, Beaumont, and
1518 others, have the potential to experience substantial
1519 advantages through the implementation of clean energy and
1520 other environmentally friendly projects.

1521 This is also important because many of these communities
1522 live in high polluted areas. Such initiatives will not only

1523 contribute to a reduction in air pollution but also yields
1524 improvements in public health. As an emergency medicine
1525 physician, I have directly observed the profound connection
1526 between an individual's health and the environment in which
1527 they reside. The negative impacts of pollution and
1528 contaminated environments are evident, underscoring the
1529 urgency of addressing this issue through programs like the
1530 Greenhouse Gas Reduction Fund. It is essential that
1531 communities like those in my district are aware of these
1532 programs in order to get the proper resources they need to
1533 take care of their residents.

1534 Mr. Hoover, I understand part of EPA's implementation
1535 process has been listening sessions and public comments.
1536 What feedback has EPA received from rural communities and
1537 tribal governments, and how is that informing your work
1538 implementing the fund?

1539 *Mr. Hoover. Thank you for that question, Congressman,
1540 and we have talked a lot about American manufacturing, and I
1541 just want to thank you for your leadership and making sure
1542 that includes all of the lithium in the Salton Sea.

1543 *Mr. Ruiz. I will get to that. I will get to that.

1544 *Mr. Hoover. We are making sure that this program
1545 benefits the rural and tribal communities that you just
1546 mentioned. We are very confident that this program is going
1547 to reach them in a meaningful and authentic way. So, first,

1548 the NCIF and CCIA competitions at \$20 billion, those by
1549 statute have to be national competitions. But we are
1550 assessing each applicant specifically on their plans to reach
1551 every community. That includes rural communities. That
1552 includes tribal communities. Everyone we pick is going to be
1553 picked because they have a robust plan to do that.

1554 And then on the \$7 billion Solar for All side, we have
1555 been really excited about the plans that we have seen to
1556 reach rural communities, and we have also received a number
1557 of applications from tribal governments and coalitions of
1558 tribes. And we are really excited about the awards that we
1559 are going to make there as well.

1560 *Mr. Ruiz. Thank you. Local organizations are often
1561 the best on-the-ground partners for federal programs. That
1562 is especially true in rural or tribal communities that might
1563 be hesitant to accept help from federal agencies. For this
1564 reason, Congress has required the Greenhouse Gas Reduction
1565 Fund to rely on trusted community lenders and other local
1566 partners as intermediaries.

1567 Mr. Hoover, how is EPA evaluating Greenhouse Gas
1568 Reduction Fund applicants to make certain that awardees will
1569 have strong relationships with local community partners?

1570 *Mr. Hoover. Thank you for that question. We are
1571 really excited to leverage existing networks of community
1572 lenders and expand those networks through supporting new

1573 entities where there are gaps. You know, there are broad
1574 swaths of the country that are unbanked or underbanked. That
1575 is a problem that is far greater than just the green finance
1576 base, but we are excited to solve it in the green financing
1577 space.

1578 And so this is part of the evaluation criteria, looking
1579 at the letters of support, looking at the project pipelines.
1580 Each of these applications is hundreds of pages, and that
1581 includes, you know, many dozens to hundreds of letters of
1582 support from community organizations, from local financial
1583 institutions, from local communities. And so we have been
1584 able to look at those holistically.

1585 *Mr. Ruiz. Thank you. And now getting to the lithium,
1586 one of the largest lithium deposits in the world is in my
1587 district in Lithium Valley at the Salton Sea region in
1588 Imperial Valley. The United States Geological Survey
1589 projects that Lithium Valley alone could produce 600,000
1590 metric tons annually through geothermal production, which is
1591 six times the current global consumption rate.

1592 Such production would create thousands of jobs in my
1593 district that would advance the production of American made
1594 clean technology. You know, the interesting thing here is
1595 that you don't have to dig dirt, and there is no dust being
1596 emitted, and there is no mining per se in the traditional
1597 sense. This is a closed system loop that produces steam and

1598 geothermal energy, and the lithium is extracted out. That is
1599 the most environmentally friendly way of extracting lithium
1600 from the earth.

1601 And, by the way, I was just at a groundbreaking from
1602 Controlled Thermal Resources, which is going to produce a
1603 campus to extract lithium, produce the battery, and recycling
1604 of batteries right there in our country. So when we talk
1605 about the competition from China, why not let's -- why not be
1606 innovative, dream big, and let's invest in projects where we
1607 can beat China in this market, like in my hometown.

1608 With that, I yield back.

1609 *Mrs. Lesko. Thank you.

1610 And now I recognize myself for 5 minutes of questioning.
1611 Republicans aren't the only ones that have concerns about
1612 taxpayer money being misspent. In fact, I want to read -- I
1613 will hold up the quote, but I want to read a quote from the
1614 Inspector General of the EPA dated March 29, 2023.

1615 It says, "Under the present circumstances, all of this
1616 would happen with no additional guidance from Congress, and
1617 little oversight from the OIG. The rapid implementation of
1618 the program, combined with a relatively narrow window of
1619 availability for such a significant amount of funding, may
1620 lead the EPA to expend the funds without fully establishing
1621 the internal controls that mitigate the risk of fraud, waste,
1622 and abuse.''

1623 Representative Griffith spoke about the misuse of
1624 taxpayer dollars regarding Solyndra. Last year, in an Energy
1625 and Commerce Committee hearing with the Department of Energy
1626 Inspector General, there was an Inspector General report that
1627 said that DOE Science was unable to verify that \$50 million-
1628 plus in expenditures were audited. So what I am saying is
1629 there is a history of government offices not being
1630 accountable with taxpayer dollars.

1631 On December 21 of last year, the House Science and
1632 Technology Committee sent a letter to the EPA asking
1633 questions surrounding their concerns about conflicts of
1634 interest with nonprofits being chosen by the EPA for this
1635 program. Why hasn't the EPA answered their questions?

1636 *Mr. Hoover. Congresswoman, let me check on the status
1637 of that letter, and we will get back to you. And we will
1638 make sure that if it hasn't been responded to it will be
1639 responded to quickly.

1640 *Mrs. Lesko. Thank you. I checked with the Committee.
1641 They have not been responded to.

1642 My next question deals with more measuring of this
1643 program. Are there any specific milestone grantees will have
1644 to meet during the performance period?

1645 *Mr. Hoover. Yes, Congresswoman. Each grantee is
1646 applying with a rigorous investment plan, proposed project
1647 pipeline, and timeline for a wide array of necessary

1648 activities covering their investment work, their governance,
1649 their organizational structure. All of that will be
1650 enshrined in our terms and conditions of the grant agreement.
1651 And so they are committing to EPA as part of their grant
1652 agreement that they will execute on that plan, and our job is
1653 to then hold them accountable to it.

1654 *Mrs. Lesko. If the EPA determines that a grantee is
1655 performing poorly and making bad investments, but hasn't
1656 violated any of the terms of their agreement with the EPA, is
1657 there anything the EPA can do to step in and try to help them
1658 improve their performance or any tools at the EPA's disposal?

1659 *Mr. Hoover. Thank you, Congresswoman. These will be
1660 cooperative agreements where we will be working in close
1661 collaboration with our grantees to make sure that at every
1662 step of the process we are pulling in all of the expertise
1663 from across the Federal Government to support them.

1664 We are giving them these grants, and then we are going
1665 to support them to execute effectively. If a grantee falls
1666 short in their legal obligations, though, I do want to stress
1667 that we have multiple tools under CFR 200 to ensure
1668 compliance, and those are authorities that we have used
1669 across our many thousands of grant awards where necessary to
1670 make sure that we are holding folks to the highest standards,
1671 and we would not hesitate to use them here if that became
1672 necessary.

1673 *Mrs. Lesko. Well, I hope that you do do the work that
1674 you say you are going to do, because there has been a history
1675 of misuse of taxpayer dollars, and things not being audited
1676 in Department of Energy and EPA and in other agencies, so I
1677 hope that you will be very diligent in the billions of
1678 dollars that you are going to have going through your agency.

1679 And with that, I yield back.

1680 Okay. Next I will recognize Representative Armstrong
1681 for 5 minutes of questioning.

1682 *Mr. Armstrong. Thank you, Madam Chair. I mean, the
1683 EPA can say Build America Buy America, and that is a great
1684 and lofty goal. That is absolutely unattainable in certain
1685 industries under current policy. You might be able to build
1686 them here, but if you can't source the raw product because
1687 you are banning mining in Duluth, you are banning mining in
1688 South Dakota, you are doing all of those different things.

1689 We don't have a lot of solar in North Dakota, but my
1690 constituents are every bit as concerned about how we are
1691 spending \$7 billion and whether our race for the politics of
1692 clean energy is really just a way in which we outsource our
1693 guilt. And not only do I not think it keeps the environment
1694 clean, but there is significant human rights issues to take
1695 in.

1696 In fact, it was so important that earlier this year,
1697 shortly after the IRA passed, the House passed a CRA -- well,

1698 last year, 2022, Commerce passed a 2-year tariff exemption
1699 from solar panels in China, and earlier this year both the
1700 House and the Senate in a bipartisan fashion passed a CRA in
1701 which to remove that tariff exemption, and the President
1702 vetoed it in May.

1703 But I guess just to start, Mr. Hoover, do you consider
1704 it important to -- about the working conditions of those who
1705 make the solar panels that we are using in the United States?

1706 *Mr. Hoover. Thank you for the question, Congressman.
1707 I was glad to see that we have received applications to cover
1708 North Dakota through this program, and absolutely we take the
1709 working standards of everyone who is impacted by this grant
1710 program very importantly, and that is one of the factors that
1711 we have taken into account when evaluating our applications.

1712 *Mr. Armstrong. Well, for anyone not aware, the solar
1713 industry relies heavily on components and materials that
1714 originate in the Uyghur region of China. The Chinese
1715 Communist Party carries out a campaign against the Uyghurs
1716 and forces them into labor programs, mandatory sterilization,
1717 cultural erasure, and more.

1718 This is so pervasive that we passed the Uyghur Forced
1719 Labor Prevention Act in 2021, which established a rebuttal
1720 presumption that goods mined, produced, and manufactured
1721 wholly or in part in the Uyghur region are denied entry into
1722 the United States. To contravene this, the CCP works to hide

1723 and move solar supply chains. The CCP also sends Uyghurs all
1724 over China to labor development programs, making it more
1725 difficult to ascertain whether the products were made with
1726 slave labor.

1727 And it is a shame that President Biden issued a solar
1728 emergency declaration in 2022 to protect Chinese solar
1729 manufacturers that the Department of Commerce determined
1730 these firms are illegally avoiding U.S. tariffs.

1731 I ask unanimous consent to enter into the record
1732 Overexposed Uyghur Region Exposure Assessment for Solar
1733 Industry Sourcing. And in that report it says the Uyghur
1734 region alone now accounts for approximately 35 percent of the
1735 world's polysilicon and as much as 32 percent of global
1736 metallurgic grade silicon production.

1737 The Uyghur region's continued dominance in the
1738 production of materials is essential to the manufacture of
1739 more than 95 percent of solar modules represent significant
1740 exposure to state-imposed forced labor for the industry.

1741 The American people should feel pretty uncomfortable
1742 with spending \$7 billion of their tax dollars on a program
1743 that relies so heavily on forced labor, but that is not even
1744 the whole point. When we are talking about how we are doing
1745 with clean energy, I mean, most of the programs that are
1746 involved in this are being designed and implemented to
1747 displace coal, correct? Or dirtier forms of energy?

1748 *Mr. Hoover. Our focus is to help households, small
1749 businesses, and communities purchase the option that is best
1750 for their needs and that helps them have the most affordable
1751 low emissions or zero emissions technology.

1752 *Mr. Armstrong. Well, and I have said this before, and
1753 I will say it again. Everything is cheaper when you give it
1754 a tax break or a subsidy, not just green energy. But do you
1755 consider coal to be clean energy?

1756 *Mr. Hoover. So, Congressman, in this instance, we
1757 actually have a statutory direction to invest in low and zero
1758 emission technologies. And so we are just following the
1759 statute in how we are administering this program.

1760 *Mr. Armstrong. Every single polysilicon plant in the
1761 Uyghur region of China is 100 percent powered by coal.

1762 The Greenhouse Gas Reduction Fund aims to promote the
1763 deployment of zero emission technologies including solar
1764 energy systems, and as we stated earlier that China dominates
1765 the solar supply chain. According to the International
1766 Energy Agency, China's share of all manufacturing stages of
1767 solar panels exceeds 80 percent, and China houses the world's
1768 top 10 suppliers of solar photovoltaics manufacturing
1769 equipment.

1770 The EPA states Build America Buy America and domestic
1771 production requirements for infrastructure projects apply to
1772 certain projects and products that are funded in this

1773 program. My question is, under current policy, how are we
1774 going to do any of this stuff here? And I am sorry, you
1775 don't have -- my time has expired.

1776 *Mr. Griffith. [Presiding.] Always questions for the
1777 record.

1778 Seeing that the gentleman has yielded back, I now
1779 recognize Mr. Palmer for his 5 minutes of questions.

1780 *Mr. Palmer. Thank you, Mr. Chairman.

1781 I have sat through I don't know how many of these
1782 hearings and listened to my colleagues across the aisle talk
1783 about things that just don't match the science, you know, the
1784 floods, the intense storms, even the Intergovernmental Panel
1785 on Climate Change disputes, and it is amazing to me. It is
1786 also amazing to me what you are doing to the U.S. economy.

1787 And they named their bill that has this \$27 billion
1788 slush fund the Inflation Reduction Act, and just since the
1789 passage of that bill American families have been hammered
1790 with record high inflation causing households -- adjusted
1791 household income to fall by the most since the Obama
1792 Administration, fallen by over -- by 17 percent.

1793 So, really, what this should have been called -- and, by
1794 the way, inflation is back up in December. It should have
1795 been called the Income Reduction Act.

1796 In addition, you know, the UK has tried to lead Europe
1797 in going to renewables. Since they have done that, Britain

1798 will achieve the lowest peacetime growth rate since 1780. It
1799 has hammered their economy. 1780, the year before Yorktown,
1800 I am sure you had history and you know that was the American
1801 Revolution.

1802 In terms of what they are paying, Britain has paid \$228
1803 per megawatt hour for coal-generated electricity in 2022
1804 compared to \$27, because that is what the British government
1805 wants. They want to run up the cost of hydrocarbon fuel. It
1806 is \$251 per megawatt hour for power generated by natural gas
1807 where it is \$61 in the U.S. And I could go on and on, and
1808 yet here we are going to throw \$27 billion into renewables
1809 that people don't want, that won't meet our needs.

1810 There is no way that we can meet our needs with
1811 renewables. The only way that we can go to zero emissions
1812 will be nuclear. I am a huge proponent of small modular
1813 nuclear. We are going to -- you talk about creating jobs, we
1814 are going to create a lot of jobs in China.

1815 So can you guarantee the American people that none of
1816 this money will go -- wind up in the hands of the Chinese
1817 Communist Party or their affiliates and their industries?

1818 *Mr. Hoover. Thank you for the question, Congressman.
1819 As a brief --

1820 *Mr. Palmer. I know you are grateful for that question,
1821 so answer it.

1822 *Mr. Hoover. So we have two sets of rigorous controls

1823 here. First of all --

1824 *Mr. Palmer. No, no. I just asked you a simple
1825 question. It is a yes or no answer. And as far as your
1826 rigorous controls go, it reminds me of the gain of function
1827 controls that you had on American dollars going into that
1828 where you were giving to a grantee and then to a subgrantee,
1829 and there was no oversight over that. And I dare say I doubt
1830 seriously there will be any oversight over this.

1831 But it is a yes or no. Can you answer that question?

1832 *Mr. Hoover. So, Congressman, unfortunately, the answer
1833 is a little more complicated, but I will --

1834 *Mr. Palmer. Well, no, it is simple. You cannot
1835 guarantee that because we cannot build renewables without
1836 investments from China or into Chinese companies, because we
1837 don't produce anything in terms of critical minerals and rare
1838 earths anywhere close to sufficient to what we need. China
1839 controls 70 percent of the cobalt mining. The Biden
1840 Administration is shutting down the largest reserve of cobalt
1841 in the United States in northern Minnesota.

1842 So, yeah, the answer is yes. You are going -- money is
1843 going to wind up in the hands of the Chinese. And you sit
1844 there with a blank look on your face because you don't have a
1845 response.

1846 *Mr. Hoover. So, Congressman, I would love to respond
1847 because what we have seen just over the first year since the

1848 Inflation Reduction Act was passed is over \$100 billion in
1849 private investment and clean energy manufacturing. And so
1850 what we are doing is we are placing requirements on our
1851 grantees that they adhere to the statutory --

1852 *Mr. Palmer. But here is the thing.

1853 *Mr. Hoover. -- Build America Buy America requirement.

1854 *Mr. Palmer. I know you are pushing out electric
1855 vehicles and all that, but you cannot make -- you cannot even
1856 make a battery because we -- I tell people we don't -- we
1857 don't make semiconductors, microchips. We don't make
1858 batteries. We assemble them from parts from China.

1859 *Mr. Hoover. So, fortunately --

1860 *Mr. Palmer. We are not in any position to achieve
1861 energy independence in this country, which we could achieve
1862 almost overnight if we unleashed just our natural gas.

1863 *Mr. Hoover. So, fortunately, the Inflation Reduction
1864 Act trusts that we are going to deliver on that American
1865 manufacturing, and we are seeing the private sector mobilize.
1866 And I am confident that as this program scales up and we are
1867 funding --

1868 *Mr. Palmer. One last question.

1869 *Mr. Hoover. Yes, sir.

1870 *Mr. Palmer. You talked about emissions. Do you know
1871 how much emissions have gone down since 1980? Even though
1872 our economy has grown over 700 percent, our vehicle miles are

1873 up 90-something percent, do you have any idea how much we
1874 have reduced emissions?

1875 *Mr. Hoover. I know that since 2005 we have reduced
1876 emissions significantly, even as the economy has --

1877 *Mr. Palmer. We have reduced emissions by over 60
1878 percent of all six criteria gases the EPA tracks. You work
1879 for the EPA, you should have known that.

1880 I yield back.

1881 *Mr. Griffith. I thank the gentleman. The gentleman
1882 yields back.

1883 I now recognize the gentlelady from Florida,
1884 Mrs. Cammack, for 5 minutes of questions.

1885 *Mrs. Cammack. Thank you, Mr. Chairman.

1886 And thank you to Mr. Hoover for being in front of the
1887 Committee today. You know, I think we all remember Solyndra,
1888 the boondoggle that was \$570 million, and so today we are
1889 talking about \$27 billion, with a B, going out the door in a
1890 2-year period. And if you look at the Solyndra debacle, that
1891 was from 2005 to 2009, so much less money over a longer
1892 period of time, and here we are fast forwarding. I think
1893 this is setting up a recipe for disaster, but I will jump
1894 right in.

1895 Mr. Hoover, how many preapplications has your office
1896 received for these three programs?

1897 *Mr. Hoover. So, Congresswoman, we have received a

1898 number of applications across all three competitions.

1899 *Mrs. Cammack. But specifically how many
1900 preapplications have you received?

1901 *Mr. Hoover. Are you referring to the notices of intent
1902 under the Solar for All competition?

1903 *Mrs. Cammack. To qualify to apply as the full
1904 application.

1905 *Mr. Hoover. I want to be as accurate as possible. I
1906 would be happy to follow up in writing --

1907 *Mrs. Cammack. Okay.

1908 *Mr. Hoover. -- with those specific numbers.

1909 *Mrs. Cammack. Did the EPA determine the structure of
1910 the program and then gauge whether there were applicants in
1911 existence or coalitions of applicants that could potentially
1912 form to meet the requirements and then carry out the program
1913 function? Or did the EPA assess the existence of appropriate
1914 recipients, potential recipients, and then tailor the program
1915 around those constraints?

1916 *Mr. Hoover. So what we have been doing here is
1917 applying the eligible applicant criteria that are in the
1918 statutes.

1919 *Mrs. Cammack. But I am asking, how did you determine
1920 the eligibility of the applicant?

1921 *Mr. Hoover. So the statute is quite specific that
1922 nonprofits have to meet five criteria, and so we have applied

1923 those five criteria, which I would be happy to go into more
1924 detail if helpful.

1925 *Mrs. Cammack. Okay. So on some of the criteria for
1926 the -- specifically, the National Clean Investment Fund
1927 portion, in order to qualify for the program, qualified
1928 projects must comply with six items. So I am just going to
1929 dig into a few of them.

1930 One, reduce or avoid greenhouse gas emissions.
1931 Specifically, what percentage of greenhouse gas emissions
1932 meets the standard? And exactly how much do these recipients
1933 have to reduce greenhouse gases in order to meet this metric?
1934 And are they themselves responsible for reporting that
1935 number?

1936 *Mr. Hoover. So under Section 134(a)(1), by statute we
1937 can only invest in zero emission technologies. Under
1938 Sections 134(a)(2) and (a)(3) --

1939 *Mrs. Cammack. So it is not reducing. It is a zero.

1940 *Mr. Hoover. So it is reducing relative to whatever the
1941 baseline piece of equipment is.

1942 *Mrs. Cammack. And so if I am hearing you correctly,
1943 you are saying that it says in your own documentation reduce
1944 or avoid greenhouse gas emissions, but there is no specific
1945 metric because what you are saying is that it should be zero?
1946 Then why even have reduce?

1947 *Mr. Hoover. So because I believe what you are

1948 referring to is the NCIF and CCIA programs that are
1949 authorized under Sections 134(a)(2) and (a)(3).

1950 *Mrs. Cammack. Right. The National Clean Investment
1951 Fund.

1952 *Mr. Hoover. Yeah. And there we are able to invest in
1953 low and zero emission technology.

1954 *Mrs. Cammack. But you don't give a specific metric by
1955 which they have to meet, and then you have no way to actually
1956 measure it.

1957 *Mr. Hoover. So of the 70 evaluation criteria in the
1958 application, there are evaluation criteria around impact.
1959 And how the applicants themselves --

1960 *Mrs. Cammack. Wait. But you are not answering my
1961 question. You are saying -- you are basically saying that it
1962 is kind of a free for all, and that the applicant themselves,
1963 they could be the one to say, yes, we have in fact reduced
1964 greenhouse gas emissions.

1965 *Mr. Hoover. So we wanted to provide flexibility for
1966 applicants to come to us with the very best plans. We will
1967 select the best plans, and then we will enter into a binding
1968 agreement with them.

1969 *Mrs. Cammack. So you are just kind of building the
1970 metrics as you go is what I am hearing.

1971 And then one of the other metrics that you have under
1972 the National Clean Investment Fund is to "deliver additional

1973 benefits to communities within designated categories.''

1974 Exactly what does that mean? What is an additional benefit

1975 to the community?

1976 *Mr. Hoover. So just on that last point I want to

1977 stress that we have extensive experience on reporting across

1978 tens of thousands of --

1979 *Mrs. Cammack. But what is an additional benefit to a

1980 community specifically?

1981 *Mr. Hoover. Many of the things we have talked about

1982 today, reducing air pollution, creating jobs.

1983 *Mrs. Cammack. Well, you have reducing air pollution as

1984 one of those other criteria, but -- so a job creation is an

1985 additional benefit? How many jobs?

1986 *Mr. Hoover. So, again, we are going to be --

1987 *Mrs. Cammack. What if it -- what if this is pushing

1988 other jobs out?

1989 *Mr. Hoover. So we --

1990 *Mrs. Cammack. Are we doing a net job gain?

1991 *Mr. Hoover. So we are going to be working -- again,

1992 this is why we have brought in 250 experts from all across

1993 the Federal Government, and we have made sure that each

1994 section of the applications is reviewed by the experts. So

1995 we have had the Department of Labor reviewing those parts of

1996 the application to make sure that we are doing the best

1997 possible job assessment we can.

1998 *Mrs. Cammack. And I will follow up in writing on this,
1999 because many of the things that you are pushing for are
2000 unfortunately going to kill jobs across communities,
2001 particularly in disadvantaged areas. And so I would love to
2002 see the reporting on that metric.

2003 But, also, there is another thing that says it may not -
2004 - this project may not have otherwise been financed. Why
2005 would the EPA fund a project that might not have otherwise
2006 been financed? And how does the EPA distinguish between a
2007 project that meets this goal and a project that is just a bad
2008 investment?

2009 *Mr. Hoover. I am so glad you asked that question,
2010 because this is one of the most exciting aspects of this
2011 program. There are so many types of projects that Wall
2012 Street doesn't want to invest in because it is not profitable
2013 enough. But we have a long track record of --

2014 *Mrs. Cammack. Or maybe it is just not proven
2015 technology.

2016 *Mr. Hoover. We have a long track record of the Federal
2017 Government with authorization --

2018 *Mrs. Cammack. With losing a lot of taxpayer money.

2019 *Mr. Hoover. -- programs that are incredibly impactful
2020 for communities all across the country.

2021 *Mrs. Cammack. Like Solyndra?

2022 *Mr. Hoover. So, again, this is a program that is going

2023 to be supporting commercialized technologies. So there is
2024 not going to be that same type of early stage project risk
2025 that you are speaking to. We are talking about loans for
2026 products like heat pumps and solar panels and onsite storage
2027 where the technology is well established, the business models
2028 are well established, and so the inherent risk of the
2029 investments are much lower.

2030 *Mrs. Cammack. And made in China.

2031 With that, I yield back.

2032 *Mr. Griffith. I thank the gentlelady.

2033 I now recognize Mr. Crenshaw of Texas for his 5 minutes
2034 of questions.

2035 *Mr. Crenshaw. Thank you, Mr. Chairman.

2036 A lot of concerns over this program because, you know,
2037 it is a piece of legislation that is written by a bunch of
2038 people who will then create the organizations that are
2039 designed to bid on these grants and these loans and profit
2040 from them.

2041 And, look, that is oftentimes how a lot of grants are --
2042 grant programs are created, and, you know, the question is,
2043 is it really for the greater good? That certainly remains a
2044 question with anything when we -- with any of the
2045 conversations surrounding green energy and, you know, zero
2046 carbon emissions. What cost are we and then what benefit are
2047 we getting from it?

2048 The other concern here is that EPA doesn't have really
2049 any experience evaluating grantees regarding their ability to
2050 give out loans or have those loans paid back, assess the risk
2051 associated with those loans. Does the EPA have that kind of
2052 banking experience?

2053 *Mr. Hoover. Thank you, Congressman. We do. We have a
2054 long track record of administering financial assistance
2055 programs through the State Revolving funds, the WIFIA
2056 Program, the Brownfields Revolving Loan Fund, and we have
2057 also drawn on our partners across government who have
2058 expertise at Treasury, Housing and Urban Development, and
2059 other agencies, Department of Agriculture, where we have done
2060 this successfully.

2061 So we both have the expertise at EPA, and we have been
2062 drawing on expertise from our peer agencies.

2063 *Mr. Crenshaw. There is no expertise in banking and
2064 loans, and this kind of massive grant-giving, especially at
2065 agencies that were just created. I mean, they have even
2066 announced it themselves. They were just created for these
2067 programs.

2068 Do we have an audit system to verify that they are --
2069 that they are using this money appropriately? That the cost-
2070 benefit analysis is properly done? That we are getting these
2071 massive benefits for every dollar spent? How would that
2072 audit process happen?

2073 *Mr. Hoover. Thank you for that question. Yes. So in
2074 accordance with the Code of Federal Regulations, every
2075 grantee is going to be subject to single audit for their
2076 financial performance. So any grantee that expends more than
2077 \$750,000 in federal funds in their fiscal year will be
2078 subject to an independent audit. We will also be conducting
2079 performance audits on many of the dimensions of --

2080 *Mr. Crenshaw. But it is a third-party independent
2081 audit?

2082 *Mr. Hoover. Yes, sir. Under the Single Audit Act.

2083 *Mr. Crenshaw. And who gets to choose who those
2084 auditors are? EPA?

2085 *Mr. Hoover. So there is standard guidance from Office
2086 of Management and Budget on how to administer the Single
2087 Audit Act. We would be happy to follow up in writing with
2088 that level of detail.

2089 *Mr. Crenshaw. And your own Inspector General said that
2090 this newly-created program provides increased risk of fraud
2091 and abuse. Do you agree with that assessment?

2092 *Mr. Hoover. So we value the perspective of our
2093 Inspector General and his team at any time. If they have
2094 recommendations or concerns, we take them seriously. I also
2095 have confidence in the team that --

2096 *Mr. Crenshaw. Did you make any of the changes that
2097 they recommended?

2098 *Mr. Hoover. So we have an entire team at EPA that is
2099 tasked with following up on all of the corrective actions
2100 across any program from our Inspector General's Office. We
2101 would be happy to follow up with you if there are specific
2102 actions you are interested in.

2103 *Mr. Crenshaw. So these grants are only for zero
2104 emissions. What if somebody -- what if somebody applied for
2105 a grant to, you know, do a mining operation for critical
2106 minerals that are part of making batteries and solar panels,
2107 and things of that nature, you know, zero carbon energy
2108 production, could you grant money for mining operations?

2109 *Mr. Hoover. So under this program, we have those six
2110 criteria that we spoke to a few minutes ago. And so we would
2111 want to make sure that there is a direct co-benefit to
2112 American communities and that it reduces or avoids air
2113 pollutants.

2114 But, again, if it meets the six criteria that the
2115 Congresswoman just walked through a moment ago, we have not -
2116 - we have intentionally not prohibited our applicants from
2117 any particular type of activity, as long as they are meeting
2118 the criteria of how we have defined qualified projects.

2119 *Mr. Crenshaw. Okay. Those are -- so would mining
2120 operations work in that favor, since, you know, we need
2121 certain critical minerals to make all of these wonderful
2122 things that you want for green energy? Or do we just want to

2123 keep importing them?

2124 *Mr. Hoover. So we absolutely want to do everything we
2125 can to support domestic manufacturing. We want to mine,
2126 refine, and manufacture here in America. And thanks to the
2127 Inflation Reduction Act, we have the support, both at EPA and
2128 across the Federal Government, to do so.

2129 I can't speak to whether a specific type of project
2130 would be eligible under this program because it depends on
2131 the proposals that we have received and how our grantees are
2132 setting -- how we are going to set that strategic vision with
2133 them.

2134 *Mr. Crenshaw. All right. I am out of time.

2135 I yield back. Thank you.

2136 *Mr. Griffith. The gentleman yields back.

2137 I now recognize Mrs. Dingell of Michigan for 5 minutes
2138 of questioning.

2139 *Mrs. Dingell. Thank you, Mr. Chairman.

2140 I am taking a lot of this personally from my colleagues
2141 on the other side. I have to say since this -- the
2142 Greenhouse Gas Reduction Fund was actually a bill that I
2143 introduced, it was based on a model in Michigan that worked.
2144 Actually, a Republican governor was part of it.

2145 And I will just say to my colleagues that when we went
2146 to a renewable requirement in Michigan a number of years ago,
2147 everybody screamed and yelled and raised a lot of concerns.

2148 And the fact of the matter is, it has worked and energy costs
2149 have gone down.

2150 So I think that investing in clean energy and the
2151 survival of our environment is something we all need to be
2152 working on together. We got a moral responsibility to do it,
2153 and it is a great economic opportunity.

2154 And I know that my Republican colleagues don't like
2155 this. You continue to attack any investment like this, but I
2156 think we need to be investing in American families and
2157 manufacturers that work to address the climate crisis. And
2158 we need to understand that we need to level the playing
2159 field. China is beating us right now, but they are doing it
2160 because the government is investing in R&D. The government
2161 is trying to beat us.

2162 And we are in a global marketplace. And if we don't
2163 invest here in this country, we are abandoning ourselves. I
2164 don't want to see Uyghur labor building these things. I want
2165 to see us investing in this country.

2166 I keep going back to Japanese -- when they beat us in
2167 the '70s -- I worked at the auto industry then -- we weren't
2168 ready. We didn't make the investments, and we need to have a
2169 level playing field. So I am just going to say that to my
2170 colleagues as we keep talking about this.

2171 The Greenhouse Gas Reduction Fund, which we all know was
2172 established in the Inflation Reduction Act, which I think is

2173 probably one of the bills you all hate the most, but there
2174 are a lot of things in there that you all like in your
2175 district, will invest \$27 billion to deploy clean technology
2176 and projects to reduce greenhouse gas emissions. The program
2177 will help make clean energy financing more accessible to low-
2178 income and underserved communities, communities that have for
2179 far too long carried the brunt of environmental pollution.

2180 I admit I have been a vocal supporter of a clean energy
2181 accelerator because of its potential to accelerate the clean
2182 energy transition, especially in underserved communities.
2183 The Greenhouse Gas Reduction Fund will help us attack the
2184 climate crisis head on and move us closer to an equitable
2185 clean air -- clean energy economy. It will also bring the
2186 public and private sectors together around a shared goal of
2187 decarbonizing our country and creating jobs, all while
2188 lowering significant energy costs.

2189 And, again, I am going to say to my friend, because the
2190 Chinese government has invested, they are beating us at
2191 intellectual property. I am not going to -- I will not
2192 secede our leadership in innovation and technology to
2193 anybody, and we have got a responsibility to compete and that
2194 is part of what we are trying to do.

2195 I know, because I ask the same tough questions you do,
2196 that EPA is laser-focused on making sure every dollar is
2197 reaching projects that would not be built otherwise, ensuring

2198 that Greenhouse Gas Reduction Fund investments are additive,
2199 not just duplicating other efforts, and I -- we got to make
2200 sure the dollars are spent the right way. Democrats and
2201 Republicans have to work to make sure that that happens.

2202 So I know you all want to see EPA and the greenhouse gas
2203 reduction fail. I would beg you to work with us to make sure
2204 that this program is implemented effectively and not bet
2205 against this fund. And I would say give it a chance before
2206 you try to defund it before any dollar has ever gone out the
2207 door.

2208 So having said that, Mr. Hoover, can you explain why the
2209 Greenhouse Gas Reduction Fund is so vital for communities
2210 across the country?

2211 *Mr. Hoover. Congresswoman Dingell, thank you for your
2212 leadership in authorizing the program and for your confidence
2213 in EPA to implement it. We are going to --

2214 *Mrs. Dingell. And I will hold you accountable. You
2215 know that.

2216 *Mr. Hoover. Absolutely.

2217 *Mrs. Dingell. I can be worse than them.

2218 *Mr. Hoover. This program is going to fund tens of
2219 thousands of projects in communities across the country that
2220 today are not able to access affordable financing for these
2221 clean energy technologies that are good for public health,
2222 good for folks' pocketbooks, good for the climate. And so we

2223 are going where right now there is a -- there is a market
2224 failure, and the Federal Government has a long track record
2225 of stepping in to correct these kinds of market failures, to
2226 get the private sector in the game, and we are going to do
2227 that in a way that reduces emissions and helps American
2228 families.

2229 *Mrs. Dingell. I have 15 seconds for you to tell us how
2230 you are going to ensure that every dollar appropriated is
2231 spent to foster that community-driven clean energy project as
2232 Congress intended.

2233 *Mr. Hoover. We share your commitment to ensuring that
2234 every dollar is spent according to the highest ethical
2235 standards. We have leveraged all of the best experts across
2236 the agency and the Federal Government, and I am so excited
2237 about the announcements that we are going to be making later
2238 this year and the work that we are going to be funding.

2239 *Mrs. Dingell. Thank you.

2240 Mr. Chairman, I yield back.

2241 *Mr. Griffith. The gentlelady yields back.

2242 I now recognize the gentleman from Georgia, Mr. Carter,
2243 for his 5 minutes of questioning.

2244 *Mr. Carter. Thank you, Mr. Chairman. I appreciate the
2245 opportunity to waive on to this.

2246 Mr. Hoover, it is my understanding -- and I think it has
2247 been pointed out numerous times today during this hearing --

2248 that the EPA has really never operated a program like this
2249 before, and that you sought input from outside organizations.
2250 I am not absolutely opposed to that. In fact, I may like it
2251 in some ways, but according to EPA, you engaged with
2252 organizations interested in the success of the program and
2253 hosted targeted stakeholder roundtables.

2254 But while gaining the feedback is helpful, there are
2255 reports that suggest that the EPA may have inappropriately
2256 delegated the authority to design the program to. In fact,
2257 according to reports accompanied by EPA emails, in October of
2258 2022, the EPA convened a small group meeting of advocacy
2259 groups and thinktanks to provide early feedback on the EPA's
2260 request for information on the program and ask clarifying
2261 questions.

2262 How did you decide which groups to invite?

2263 *Mr. Hoover. Congressman, the Inflation Reduction Act
2264 was enacted in August of 2022, and that fall we launched an
2265 extensive public engagement process. We reached thousands of
2266 individuals and organizations through requests for
2267 information, meetings, townhalls, and charges to our --

2268 *Mr. Carter. Okay.

2269 *Mr. Hoover. -- Federal Advisory Boards.

2270 *Mr. Carter. Okay.

2271 *Mr. Hoover. And so everyone who wanted an opportunity
2272 to come talk to EPA had an opportunity. What is really

2273 important is that in every one of those meetings we had two
2274 critical safeguards. First, we never met with any individual
2275 organization one on one. And, second, we never disclosed any
2276 non-public information about the program to anyone. In fact,
2277 that fall --

2278 *Mr. Carter. So if they showed up and they had an
2279 interest in it, do you -- you allowed them to participate.

2280 *Mr. Hoover. Public comment is an important part of
2281 making sure that --

2282 *Mr. Carter. Understood.

2283 *Mr. Hoover. -- did the job right.

2284 *Mr. Carter. Understood. But would the thinktanks that
2285 you were with, would the different groups -- I mean, how did
2286 you decide which ones, if indeed this is true that you
2287 delegated authority to design the program?

2288 *Mr. Hoover. We did not delegate authority to anyone.
2289 We invited everyone we thought would be interested. And as
2290 we heard from more folks that were interested, we added
2291 additional meetings for them, too. We wanted to reach
2292 everyone, hear the very best ideas, and then we took that
2293 information and we used that as a federal agency to inform
2294 how we, a federal agency, design the program.

2295 *Mr. Carter. How many of these meetings are we talking
2296 about? How many did you have?

2297 *Mr. Hoover. There were dozens of meetings that were

2298 held consistent with our federal ethics rules and competition
2299 policy with our general counsel's office present in all of
2300 those meetings.

2301 *Mr. Carter. How many are we talking about?

2302 *Mr. Hoover. We held several townhalls. We had dozens
2303 of meetings with --

2304 *Mr. Carter. Dozens?

2305 *Mr. Hoover. -- hundreds to -- hundreds of -- over
2306 thousands of individuals and organizations.

2307 *Mr. Carter. Were any of these groups, did they -- were
2308 they partners of coalition members of any applicants applying
2309 for the Greenhouse Gas Reduction Fund awards?

2310 *Mr. Hoover. Again, we had over -- we had thousands of
2311 people participate. I would assume that some of them then
2312 chose to apply.

2313 *Mr. Carter. Do you consider that to be fair, if they
2314 were potentially going to gain from this?

2315 *Mr. Hoover. So the important thing is that everyone
2316 had an equal opportunity to provide input at the front end of
2317 the process. There were two parts to this, right? There was
2318 the design phase where we wanted to hear everyone's best
2319 ideas, and then we went and designed the competition. And
2320 then there is the evaluation and selection process, and
2321 during the evaluation and selection process the only folks in
2322 the room are the Federal Government. And everyone who has

2323 been participating has to adhere to our high standards for
2324 federal ethics rules and impartiality.

2325 *Mr. Carter. We have always heard the wolf guarding the
2326 hen house. I mean, did -- were these groups that were giving
2327 this input, did they have the opportunity to apply for some
2328 of these funds?

2329 *Mr. Hoover. So, Congressman, anytime --

2330 *Mr. Carter. Yes or no. I mean, it is --

2331 *Mr. Hoover. Anyone who is eligible for the program is
2332 eligible to apply. And we conducted public engagement that
2333 was widely available and open for folks to attend and provide
2334 input.

2335 *Mr. Carter. Have you made public any -- a list of the
2336 targeted stakeholder meetings?

2337 *Mr. Hoover. I would have to check and get back to you.
2338 We have made a lot of information public.

2339 *Mr. Carter. Okay. I would ask you to do that. If you
2340 could get back with us and submit that to this Committee,
2341 Mr. Chairman, we sure would appreciate it. That would be
2342 very important information for us to understand.

2343 Look, I don't want you to think I am accusatory because
2344 I kind of like the idea of going to outside groups and
2345 getting input. But if they have got a vested interest in
2346 this, and it looks like this may be a conflict of interest,
2347 do you see where I am going with this?

2348 *Mr. Hoover. Congressman, what is important to note
2349 here is that we have worked closely hand in hand at every
2350 step of the process with our career ethics attorneys and our
2351 career Office of Grant --

2352 *Mr. Carter. That is what scares me. When you say
2353 "career.'" So just FYI.

2354 *Mr. Hoover. They are the folks that hold the agency
2355 accountable for the high standards of both federal ethics law
2356 and EPA's competition.

2357 *Mr. Carter. Okay. Well, if you will get that list to
2358 the Subcommittee, I sure would appreciate it.

2359 *Mr. Hoover. We would be happy to do that.

2360 *Mr. Carter. Thank you.

2361 And thank you, Mr. Chairman. I appreciate the
2362 opportunity.

2363 *Mr. Griffith. The gentleman yields back. Thank you.

2364 Seeing there are no further members wishing to ask
2365 questions, I would thank -- like to thank our witness again
2366 for being here and testifying today. Just making sure. I
2367 heard the door click, so just making sure somebody wasn't
2368 trying to get in at the last second.

2369 I would ask unanimous consent to insert in the record
2370 the documents included on the staff hearing documents list.
2371 Hearing no objection, that will be the order.

2372

2373 [The information follows:]

2374

2375 *****COMMITTEE INSERT*****

2376

2377 *Mr. Griffith. Pursuant to Committee rules, I remind
2378 members that they have 10 business days to submit additional
2379 questions for the record, and I ask that witnesses -- that
2380 the witness submit his response within 10 business days upon
2381 receipt of the question.

2382 Without objection, the Subcommittee is adjourned.

2383 [Whereupon, at 12:28 p.m., the Subcommittee was
2384 adjourned.]