



## **Inflation Reduction Act Climate Spending Programs**

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## **Overview of the Climate Spending Programs**

The Inflation Reduction Act (IRA) creates and revitalizes a range of climate spending programs across several federal agencies to spur R&D, manufacturing, and deployment of clean technologies domestically. These programs will impact nearly every climate & sustainability industry vertical, including clean electricity generation and storage; carbon capture, utilization, and sequestration (CCUS); transportation and mobility; agriculture and sustainability; and water and recycling.

The programs can impact climate and sustainability-focused startups in several major ways:

- **Grants, loans and other direct company financing:** Government financing provided to eligible companies for the development and/or production of clean technologies.
- **Direct procurement:** Direct acquisition of clean technologies by federal agencies.
- **Indirect procurement:** Financial assistance provided to intermediary entities for the purchase and/or installation of clean technologies. These intermediaries include state and local governments, utilities, and industrial producers.

## **General Loan & Finance Programs**

### **DOE Loan Programs Office (50141)**

The Department of Energy [Loan Programs Office](#) (DOE LPO) provides companies in their scaling phases with access to loans and loan guarantees. Eligible projects must:

- utilize a new or significantly improved technology;
- avoid, reduce or sequester greenhouse gases;
- be located in the United States; and,
- have a reasonable prospect of repayment.

The Inflation Reduction Act (IRA) appropriates approximately \$11.7 billion for four programs at DOE LPO, which increases LPO’s total loan authority by approximately \$250 billion. These programs include:

### ***Title 17 Innovative Clean Energy Loan Guarantee Program (Section 1703)***

IRA appropriates \$3.6 billion to provide an additional \$40 billion of loan authority for eligible energy projects.

This new loan authority is open to all currently eligible Title 17 Innovative Clean Energy technology categories, including fossil energy and nuclear energy. IRA appropriations also support the expanded activities authorized by the Bipartisan Infrastructure Law that required new appropriations to go into effect. Expanded eligible activities include critical minerals processing, manufacturing, and recycling, and removing the innovation requirement for State Energy Financing Institution-backed projects.

### ***Energy Infrastructure Reinvestment (EIR) Program (1706)***

IRA creates the Energy Infrastructure Reinvestment Program (EIR), a new program that guarantees loans to projects that retool, repower, repurpose, or replace energy infrastructure that has ceased operations, or enable operating energy infrastructure to avoid, reduce, utilize, or sequester air pollutants or anthropogenic emissions of greenhouse gases. IRA appropriates \$5 billion through September 30, 2026, to carry out EIR and provides total loan authority of \$250 billion for the program.

Potential projects could include repurposing shuttered fossil energy facilities for clean energy production, retooling infrastructure from power plants that have ceased operations for new clean energy uses, or updating operating energy infrastructure with emissions control technologies, including carbon capture, utilization, and sequestration (CCUS).

### ***Tribal Energy Loan Guarantee Program (TELGP) (50145)***

IRA increases the aggregate amount of loans available at any time under the [Tribal Energy Loan Guarantee Program](#) (TELGP) from \$2 billion to \$20 billion. The IRA also provides permanent access for borrowers to apply for [direct loans](#) through the U.S. Treasury's Federal Financing Bank (FFB) via TELGP. TELGP was originally established to provide partial guarantees of commercial or other qualified loans made for energy development to a federally recognized Indian tribe, Alaska Native Corporation, or tribal energy development organization. While partial loan guarantees remain available, access to direct loans through FFB obviates the need for a Tribal borrower to also secure a commercial debt partner, which is expected to facilitate Tribes' utilization of the program for energy development investments.

### **Advanced Industrial Facilities Deployment Program (50161)**

IRA allocates over \$5.8 billion for an Advanced Industrial Facilities Deployment Program administered by the Department of Energy, which will provide financial assistance on a competitive basis to industrial facilities to retrofit, upgrade, or install industrial technologies that reduce greenhouse gas emissions. Eligible entities – which include non-power industrial or manufacturing facilities engaged in energy-intensive processes – will be able to apply to DOE for these funds through 2026. Details of the program include:

- Eligible manufacturing processes include iron, steel, concrete, glass, pulp, paper, ceramics, and chemical production.
- Eligible financing mechanisms include grants, rebates, direct loan, or cooperative agreements.
- Requires 50% non-federal cost share.
- Prioritizes projects with greatest greenhouse gas reduction benefit & greatest benefit to largest number of people at facility location.

### **Clean Energy Technology Accelerator/Greenhouse Gas Reduction Fund (60103)**

IRA includes \$27 billion for a new Greenhouse Gas Reduction Fund administered by the Environmental Protection Agency (EPA) to support competitive grants to national and local “green banks,” which will use the funds to invest in projects and technologies intended to reduce or avoid greenhouse gas emissions and other forms of air pollution.

Green banks generally target market sectors in which repayment is expected and lent to proven, technically viable projects that are past the research and development stage.

IRA divides the \$27 billion appropriation into three funding streams for green bank investments:

- \$12 billion that can be used broadly to support eligible direct and indirect investments in renewable energy projects nationwide.
- \$8 billion to support low-income and disadvantaged communities by funding direct or indirect investments in renewable energy projects that would otherwise lack access to financing.
- \$7 billion for zero-emission technology deployment projects in low income and disadvantaged communities.

State, local, and tribal governments, along with certain non-governmental agencies, are eligible to apply for green bank funds. Eligible non-governmental recipients are limited to nonprofit organizations that are:

- (i) designed to provide capital, leverage private capital, and provide other forms of financial assistance for rapid development of renewable energy projects;
- (ii) do not take deposits other than deposits from repayments and other revenue received from financial assistance provided using grant funds under the Act;
- (iii) are funded by public or charitable contributions; and
- (iv) invest in or finance projects alone or in conjunction with other investors.

Qualified projects eligible to receive green bank funds are defined as:

- Projects that reduce or avoid GHG emissions and other forms of air pollution in partnership with, and by leveraging investment from, the private sector;
- Projects that assist communities in their efforts to reduce or avoid GHG emissions and other forms of pollution.

## **Transportation & Mobility**

### **Advanced Technology Vehicles Manufacturing (ATVM) Direct Loan Program (50142)**

IRA removes the \$25 billion cap on the total amount of [ATVM](#) loans that could be provided by statute through DOE LPO. This means the program is no longer limited in the total amount of loans it can issue, as long as it has an appropriated credit subsidy available to support the cost of those loans.

IRA appropriates \$3 billion for the costs of direct loans under ATVM. Combined with amounts already appropriated to the program, this should provide ~\$55.1 billion in total loan authorities.

Loans backed by IRA appropriations can be used for a range of advanced technology vehicles and their components, including newly authorized uses from the Bipartisan Infrastructure Law, which to date had not been funded. Expanded uses include medium- and heavy-duty vehicles, locomotives, maritime vessels including offshore wind vessels, aviation, and hyperloop technology.

### **Domestic (Vehicle) Manufacturing Conversion Grants (50143)**

IRA creates a \$2 billion grant program at the Department of Transportation for retooling of existing auto manufacturing facilities to produce clean vehicles, including hybrids, plug-in hybrids, EVs, and hydrogen fuel cell vehicles.

### **Alternative Fuel & Low-Emission Aviation Technology Program (40007)**

IRA creates a grant program at the Department of Transportation that provides \$244 million for projects related to the production, transportation, blending or storage of sustainable aviation fuel (SAF) and another \$47 million for projects relating to low-emission aviation technologies.

Eligible applicants can be public or private entities. Grant recipients must finance at least 25 percent of projects costs and lifecycle greenhouse gas emissions reductions must exceed 50 percent when compared to petroleum-based jet fuel.

### **Clean Heavy Duty Vehicle Procurement Program (60101)**

IRA provides \$1 billion to the Department of Transportation to create a Clean Heavy Duty Vehicle Grant Fund to support the replacement of existing Class 6 and Class 7 trucks (buses, garbage trucks, and other similarly sized vehicles) with zero-emission vehicles in communities that do not meet national air quality standards. Funds can also be used for the construction and operation of associated charging or fueling infrastructure. Battery electric vehicles and hydrogen fuel cell electric vehicles both qualify as zero-emission vehicles as defined in IRA.

## **Department of Agriculture Programs**

### **Loans for Renewable Energy Infrastructure (22001)**

IRA provides up to \$1 billion for Rural Utility Service (RUS) loans for renewable energy infrastructure. IRA requires the agency to forgive up to 50% of the loan amount. Eligible entities include electric service providers, including municipals, cooperatives, investor-owned and Tribal utilities.

### **USDA Assistance for Rural Electric Cooperatives (22004)**

IRA provides up to \$9.7 billion for the RUS to offer loans, grants, loan modifications and other financial assistance to support rural electric cooperatives in the purchase of renewable energy systems, zero-emission systems and carbon capture systems. Funding also may be used to deploy these systems or to make energy-efficiency improvements to generation and transmission systems of eligible entities.

### **Biofuel Infrastructure and Agriculture Product Market Expansion (22003)**

IRA allocates \$500 million to the Department of Agriculture for grants to increase the sale and use of agricultural commodity-based fuels through infrastructure improvements for blending, storing, supplying, or distributing biofuels. Eligible applicants include public and private entities.

Grant recipients can use money for clean biofuel dispensing infrastructure, as well as to upgrade certain rural fuel distribution systems.

### **Rural Energy for America Program (22002)**

IRA provides up to \$2.025 billion to the Department of Agriculture for eligible projects under the farm bill program known as the Rural Energy for America Program (REAP) and sets aside \$303 million for underutilized technologies and technical assistance.

In order to help producers save money and utilize renewable energy, REAP provides grants and loans to farmers and rural businesses interested in making energy efficiency improvements. The program also supports the purchase of wind, solar, renewable biomass, anaerobic digesters, small-hydroelectric, geothermal, and other renewable energy systems.

Additionally, the program provides grants to help farmers with energy audits and renewable energy development.

### **Funding for Climate-smart Agriculture Practices (21001)**

The legislation includes more than \$20 billion to support climate-smart agriculture programs, including:

- Environmental Quality Incentives Program (EQIP): \$8.5B

- Regional Conservation Partnership Program (RCPP): \$6.75B
- Conservation Stewardship Program (CSP): \$3.25B
- Agriculture Conservation Easement Program (ACEP): \$1.4B
- Conservation technical assistance: \$1B
- Carbon sequestration and greenhouse gas emissions quantification program: \$300M
- Nonfederal forest management, including programs to facilitate participation in forest carbon markets: \$2.75B
- Competitive grants from the U.S. Forest Service to states and eligible entities to pay forest landowners for practices that increase carbon removal on private lands: \$50M

## **Environmental Justice & Pollution Mitigation**

### **Climate Pollution Reduction Grants (60114)**

IRA provides \$5 billion to EPA for competitive grants to state and local governments to develop and implement greenhouse gas emissions reductions plans for their communities. Money can be used by participating entities for a range of activities, including equipment and technology procurement.

### **Environmental and Climate Justice Block Grants (60201)**

IRA provides \$3 billion to EPA for competitive 3-year grants to state and local governments, tribes, universities, and community-based nonprofit organizations to address clean air and climate pollution in disadvantaged communities. These grants build upon EPA’s current environmental justice grants. Grant money can be used to purchase climate technologies, energy-related workforce development, infrastructure upgrades, and other costs necessary to implement climate mitigation plans.

### **Grants to Reduce Pollution at Ports (60102)**

IRA provides \$2.3 billion for EPA to run a grant and rebate program for the installation of zero-emission port equipment and technology, as well as the development of port climate action plans, with a focus on ports in nonattainment areas. Eligible port equipment must be located at or serve at least one port. Eligible entities include port authorities and state and local governments, public private partnerships, and entities that operate or use port facilities and related equipment/technologies.

### **Improving Energy/Water Efficiency & Climate Resilience of Affordable Housing (30002)**

IRA creates a new grant program for Improving Energy Efficiency or Water Efficiency or Climate Resilience of Affordable Housing, funded at \$1 billion, that helps cover the cost of energy efficiency upgrades – including electrification of systems and appliances – as well as installation of renewable energy, and improvements to property resiliency.

### **Methane Emissions Reduction Program (60113)**

This new program provides up to \$850 million to EPA to issue loans, rebates, contracts, and grants to reduce methane emissions from petroleum and natural gas systems. Eligible applicants will be oil and gas companies that can use the capital for GHG monitoring and reporting and for efforts to reduce methane and other GHGs from petroleum and natural gas systems.

## **Other Procurement Opportunities**

### **Low-Carbon Transportation Grants (60506)**

IRA provides \$2 billion to the Federal Highway Administration to incentivize project contractors to use low-embodied carbon materials and products for Federal Highway Administration projects.

### **Low Carbon Federal Building Materials (60503)**

IRA provides \$2.15 billion to the Federal Buildings Fund for the acquisition and installation of low-embodied carbon materials to be used in the construction of federal buildings.

## **Important Resources**

Links to legislative text and other program summaries:

- [Legislative text](#) of the Inflation Reduction Act
- [Section-by-section](#) analysis of IRA climate provisions
- Congressional Research Service [summary](#) of IRA climate provisions