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On behalf of The Kresge Foundation and The Schmidt Family Foundation, we are pleased to submit the following comments related to the design and implementation of the U.S. Department of Energy's (DOE) Grid Deployment Office (GDO) \$1 billion grant program, to be managed through the Puerto Rico Energy Resilience Fund (PR-ERF). These comments are informed by the direct experience of the two foundations, their staff and consultants, including people who have worked to improve equitable access to micro grids in Puerto Rico for years. Additionally, the foundations are both engaged in similar work in the states; investing toward equitable access to solar, storage and other greenhouse gas reducing technology, energy efficiency and broader electrification for people living in, and organizations serving, communities of color and communities with low financial wealth.

Similar to comments we have provided regarding the Greenhouse Gas Reduction Fund, we would emphasize the need for investments in the community scaffolding and infrastructure required to realize an equitable distributed solar system at scale. Investments are needed quickly in local organizations, both pre-existing and *de novo*, to ensure that Puerto Rican entities and people continue to lead the way toward a green and more resilient island. People and organizations in Puerto Rico need unbiased information and building assessments and, protections from extractive models and predatory business plans. Organizations focused on providing equitable access to technology and financing need injections of capital to scale their offerings. Near-term PR-ERF investments in community-focused models can enable the people of Puerto Rico to leverage the historic opportunities presented by the Inflation Reduction Act, attracting more capital and realizing available rebates and subsidies.

A number of community-based organizations (CBOs), small companies, and Cooperativas in Puerto Rico are engaged in innovative and promising work expanding local access to solar and battery systems, largely without any benefit from the Federal Solar Investment Tax Credit (ITC).

Puerto Rico's CBOs have established micro-grids, resiliency centers, and demonstrated an equitable approach to single-family homeowner solar + storage systems.

**Therefore, our top recommendation is to support an application from a broad-based coalition of Puerto Rico-based CBOs** to scale demonstrated approaches while partnering with a limited number of mainland organizations to ensure up to 50% of system value is financed via the Federal ITC, working through qualifying non-profit and/or collectively owned entities.

As the RFI made clear, our fellow citizens in Puerto Rico have been subject to generational underinvestment in the island's electrical infrastructure. If the primary goal of PR-ERF is to seed, build and sustain a more distributed system that is affordable, equitable and resilient, then the DOE and GDO should seize this opportunity to make up for past underinvestment. This approach would include covering the costs to scale current model offerings of community education, locally provided technical assistance, basic energy audits and the companies that perform them, as well as the proliferation of training and standard documentation for financiers and developers.

**Therefore, our second recommendation is to dedicate at least 30% of the total available amount to cover project-readiness and market-building costs.**

- **Build out Puerto Rico's nascent community development climate-finance ecosystem**, for example, through investments in staffing and other needs for organizations partnering in the broad-based collaborative application recommended above.
- **Support stand-alone efforts focused on workforce and small-business needs and opportunities**, including the following sectors: community organizing and education, planning & technical assistance, design & development, installation & maintenance, finance & insurance, standards and consumer protection.
- **Ensure robust consumer protection**, while the private market is certainly a partner positioned to contribute to PR-ERF goals, there are some private companies active in Puerto Rico that, when working with low-income homeowners, only offer oversized and overpriced systems, financed without passing through any of the benefit of the ITC the company is receiving.
- **Fund basic energy efficiency upgrades and modest roof repair and electrical upgrades for LMI homeowners**. In addition to free, fair and trusted advice about the best upgrades to consider and help identifying an equitable vendor (e.g., a PR-ERF funded one), families and nonprofits in lower-income communities need the resources to conduct basic efficiency upgrade reviews and the capital to complete modest efficiency improvements and sometimes roof or structural repairs and electrical system upgrades.

As a thought exercise, if \$300 million was invested along the lines described herein, with one-third of these funds focused on building out Puerto Rico's nascent community development climate finance ecosystem, we estimate that, once up and running, such a program would realize at least 5,000 homes and 500 small business and micro-grids on an annual, ongoing basis. These projects would be structured to facilitate return of capital on a short-term rolling basis via ITC payments, investor capital, monthly payments from home and building owners and some amount

of permanent capital funded at first by PR-ERF funds. Returned capital and income would then enable the ongoing revolving of the model.

Additionally, proven and replicable models, easy to access building assessment services, planning tools, information and consultations would be available at low or no cost in LMI communities across the island. This initial investment would build out a functioning, equitable, resilient, distributed solar market able to generate successive waves of investments in homes and community-serving micro grids.

We applaud the DOE and the GDO's recognition that time is of the essence and their commitment to make capital available this year. The need is indeed urgent, and systems that can deliver equitable information, services and solar systems in low- and moderate-income communities at scale take time to develop.

**Therefore, our third recommendation, is to expand the eligible uses of capital made available this year** to include investments in existing models and the related supporting and scaling functions for community facilities and micro-grids in addition to single-family homes, in all cases prioritizing those people who are most at risk and communities that are least resourced.

We cannot stress enough our faith and belief that existing community-based organizations have most of the answers and solutions needed to realize an equitable, distributed, resilient power infrastructure in Puerto Rico, but require capital and replicable models for leveraging the federal tax credit and third-party investment, which PR-ERF can support.

Thank you for considering our comments. If we can be of any further assistance, please do not hesitate to contact us.

Sincerely,



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