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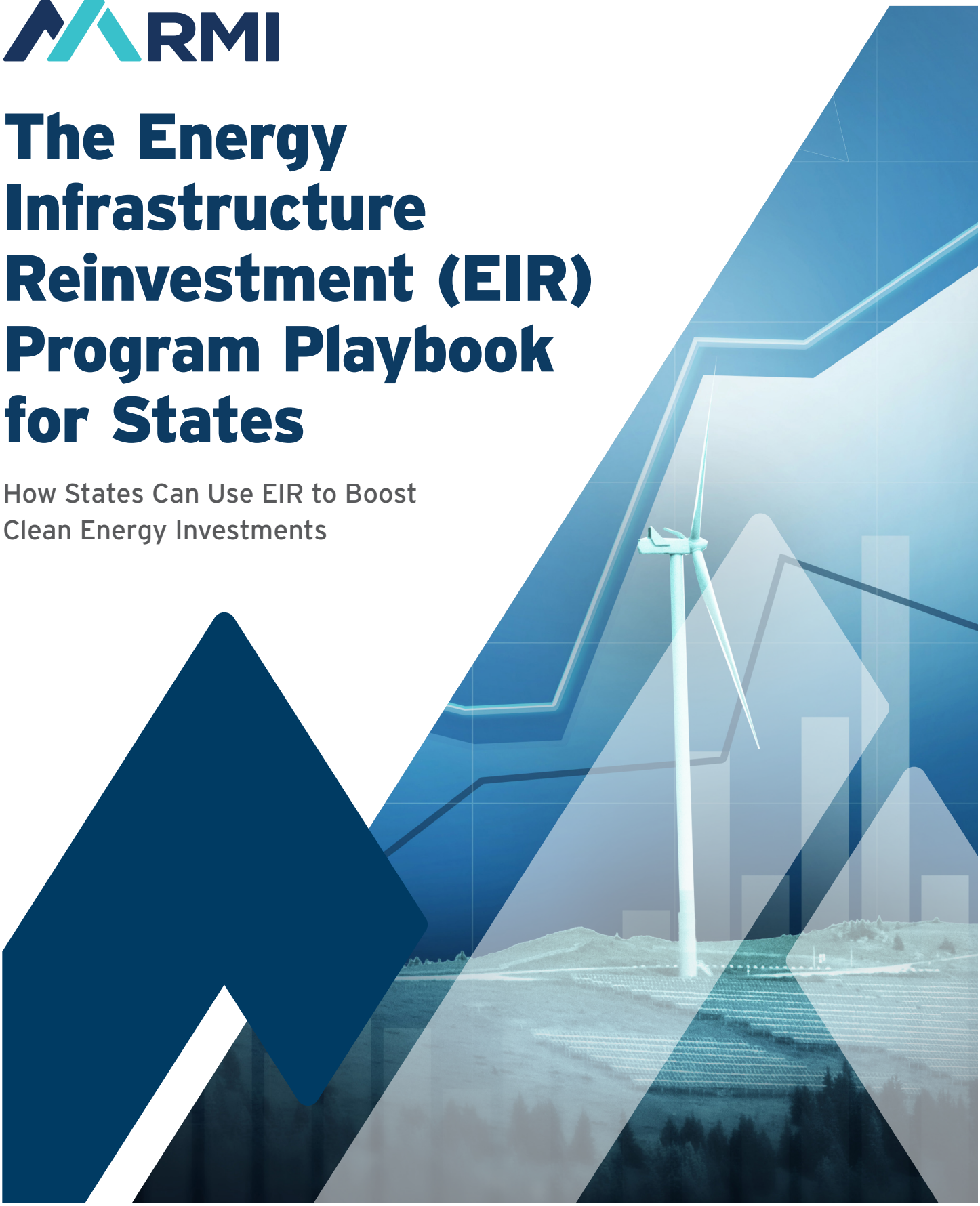
The Energy Infrastructure Reinvestment (EIR) Program Playbook for States

How States Can Use EIR to Boost Clean Energy Investments



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RMI

About RMI

RMI is an independent nonprofit, founded in 1982 as Rocky Mountain Institute, that transforms global energy systems through market-driven solutions to align with a 1.5°C future and secure a clean, prosperous, zero-carbon future for all. We work in the world's most critical geographies and engage businesses, policymakers, communities, and NGOs to identify and scale energy system interventions that will cut climate pollution at least 50 percent by 2030. RMI has offices in Basalt and Boulder, Colorado; New York City; Oakland, California; Washington, D.C.; Abuja, Nigeria; and Beijing.

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Introduction

The federal Energy Infrastructure Reinvestment (EIR) program presents a massive opportunity to accelerate the deployment of clean energy and clean industries, revitalize communities suffering from changes in the energy economy, and reduce pollution across the United States. Its financing is flexible enough that states can direct it to align with their priorities: geographies or communities in need of investment, tax bases they would like to grow, or job sectors or industries they would like to expand.

Despite the power and promise of the program, EIR is not currently being realized to its full potential. The EIR program was designed to support hard-to-finance projects with unique benefits, but some entities are proposing to replace affordable corporate debt with EIR financing, reducing the program's added value. States can help prevent this by supporting the use of EIR funds for high-impact projects that need them most, attracting federal investments to their state and advancing state goals. This can involve raising awareness and educating potential applicants about good uses of the program, facilitating connections between key project stakeholders, and supporting strong EIR applications. Read on to see how states can ensure they do not let this opportunity pass them by.

In addition to jumpstarting transformative tax credit and grant programs, the federal Inflation Reduction Act (IRA) created the lesser-known but powerful EIR program. EIR is a low-cost financing tool that helps repurpose existing energy infrastructure — anything from coal mines to oil refineries or parts of the electricity system — to reduce pollution or transition to clean alternatives. It's administered by the Loan Programs Office (LPO) in the US Department of Energy (DOE) and has a mandate broad enough to be relevant throughout the energy economy and particularly in electricity and industry. A central goal of EIR is to drive project development in communities that host fossil fuel energy infrastructure — places that could otherwise be left behind in the shift to clean energy.

When it comes to ensuring that the IRA benefits their residents, state governments have a critical role to play in applying for and administering funding from a variety of IRA programs, including the Home Energy Rebates, Climate Pollution Reduction Grants, and the State Energy Financing Institution (SEFI) program. However, most of the IRA money up for grabs will not flow through state-run programs but will instead flow from parts of the IRA, such as EIR, that depend on private sector uptake. By expanding efforts beyond the programs where their involvement is necessary, states can strengthen the impact of the IRA for their residents. In particular, by proactively supporting private uptake of EIR loans, states can seize a major strategic opportunity to boost economic growth, support business expansion, and bring the positive impacts of the clean energy transition to their communities and families.

Interested state governments can use this playbook to understand how this program works and what actions they can take to get EIR dollars and the resulting benefits flowing to their states. EIR funding must be committed by September 30, 2026, so time is of the essence.

How to Use This Playbook

This playbook is intended as preliminary guidance for state energy offices, governor's offices, economic development offices, and other state agency staff looking to support a successful transition of energy infrastructure. The pages below provide step-by-step guidance for how these policymakers can be supporters, enablers, and facilitators of EIR uptake. This playbook is not intended for energy regulators or owners and operators of energy infrastructure, such as state public power agencies, as these have different, more direct roles to play in determining how EIR is used.

State regulators and other policymakers have an important role to play in directly and indirectly influencing EIR application decisions. Certain regulators have the authority to directly influence the uptake of EIR funding. For example, a utility regulator may require that EIR and other federal incentives be accounted for in utility planning processes. In other cases, state entities may own and operate energy infrastructure directly. For example, a state public power agency may own electricity generation and distribution infrastructure. This playbook is geared toward audiences that do not have direct ownership or control over energy infrastructure but rather may influence infrastructure decisions by other powerful but more indirect means. Additional resources for regulators and other related actors, such as RMI's ***Planning to Harness the Inflation Reduction Act*** report, ***Clean Repowering*** **report**, and other information about **using the EIR program** may be found on RMI's website.

EIR funding must be committed before September 30, 2026, and funding commitments typically follow a six- to twelve-month period of LPO review, guidance, and consultation. This implies that applications to the program must be submitted to the DOE by late 2025 or early 2026 at the latest, with more complex projects necessitating more lead time, meaning the clock is ticking for potential projects to come together. This major, time-limited opportunity necessitates an all-hands-on-deck effort by states to foster a pipeline of impactful project applications that substantively advance clean energy, economic development, environmental justice, job creation, and pollution reduction.

EIR Basics

EIR was created under the DOE's Title 17 loan program, which helps finance large-scale energy projects that reduce climate and air pollution. Up until recently, Title 17 focused only on supporting innovative technology to prepare it for large-scale deployment. In the past, this included supporting the first utility-scale wind and solar energy projects and some of the first commercial-scale biofuel plants in the United States as well as innovative approaches to gas-fired power generation. The IRA launched two new loan programs under Title 17 that do not have an innovation requirement: EIR and SEFI.

With its expanded mission, LPO can offer financing for a much wider range of clean energy projects, including mature technologies that can be deployed at scale today.

EIR provides up to $250 billion in very low risk, guaranteed federal loans for clean energy projects in the United States related to existing (operating and legacy) energy infrastructure.

Energy infrastructure includes facilities and related equipment used for the generation or transmission of electricity or the production, processing, and delivery of fossil fuels, petroleum-based fuels, or petrochemical feedstocks. These include but are not limited to fossil power plants, gas pipelines, transmission lines, oil refineries, and coal mines. Qualifying projects must use a piece of this infrastructure and do one of two things:[i]

1. Retool, repower, repurpose, or replace energy infrastructure that has **ceased operations** (including just using the land on which that infrastructure operated); or

2. Enable **operating** energy infrastructure to avoid, reduce, utilize, or sequester air pollutants or greenhouse gases.

For the first bucket, consider, for example, taking a coal plant that has just closed down, remediating the coal ash on the site, and building a solar and storage facility in its place, using existing transmission lines to deliver that new clean electricity. For the second category, think of modifying an existing petroleum refinery to produce clean hydrogen or biofuels, upgrading an existing transmission line to a higher voltage, or adding clean electricity generation where existing fossil generation is already connected to the grid to reduce the pollution of the operating fossil power plant.

EIR also encourages projects to benefit the communities around them. And because projects focus on existing energy infrastructure, these can provide opportunities to revitalize infrastructure that has been the backbone of communities for generations.

i Remediation from the environmental damages of the energy infrastructure may also be financed by EIR.

Key Program Details

Virtually any entity is eligible to apply for EIR funding. Applicants are most likely to be private companies that own large energy assets like power plants, refineries, and transmission lines.

EIR funding is available through September 30, 2026, meaning applicants must have entered into a conditional commitment with DOE by that date, though financed projects need not be complete for another five years. Funding commitments typically follow a six- to twelve-month period of LPO review, guidance, and consultation. This implies that applications to the program must be submitted to the DOE by late 2025 or early 2026 at the latest, with more complex projects necessitating more lead time.

LPO does not set a minimum loan size, but due to some of the fixed costs involved in receiving an LPO loan guarantee, loan guarantees are typically greater than $100 million. Smaller projects can be bundled together to provide a loan guarantee for, say, virtual power plants. **Project Hestia** provides an illustrative example. Fixed costs incurred during the application process vary widely but often fall in the $2 million to $5 million range. That variation stems from a number of factors, including the nature of the project itself and whether the applicant chooses to hire an application advisory firm (most do).

EIR loan guarantees can cover up to 80% of eligible project costs, but project risk and cash flow considerations make 50%–70% more common. EIR financing is low-cost due to some key features, such as a credit subsidy buy-down. The program has a $5 billion appropriation to the credit risk of lending to entities that are not part of the federal government; this means that the interest rates on these loans will be very low while this credit subsidy is available, just slightly above the rate on Treasury bonds.

Program guidance for EIR is included in the Title 17 guidance linked **here**. Pages 25 to 30 are specific to EIR, and much of the rest of the document is relevant as well.

Though projects are not allowed to obtain federal grants or loans from other federal agencies for the same project, they can stack LPO financing with newly strengthened tax credits for clean energy investment recently established or increased through the IRA. This is especially relevant for projects in different parts of the oil and gas and industry supply chain and in the electricity sector with the clean electricity production tax credit (PTC) and investment tax credit (ITC). The table on the following page outlines specific EIR use cases and the tax credits that can help support them.

EIR Use Case	Relevant Tax Credit	Tax Credit Description
Example 1 — Replacing a fossil plant with solar and storage	45Y: Clean Electricity Production Tax Credit	A technology-neutral tax credit for qualifying facilities producing clean electricity. Applicable beginning in 2025.
Example 2 — Clean repowering via surplus interconnection	48E: Clean Electricity Investment Tax Credit	A technology-neutral tax credit for investment in qualifying facilities producing clean electricity. Applicable beginning in 2025.
Example 3 — Repurposing a refinery	40B: Sustainable Aviation Fuel Credit	A tax credit for the sale or use of sustainable aviation fuel with life-cycle pollution reductions of at least 50% compared to petroleum-based jet fuel. Viable only before 2025.
Example 4 — Switching from gray to green hydrogen	45Z: Clean Fuel Production Credit	A tax credit for the production of low-emission transportation fuels (including sustainable aviation fuel). Applicable beginning in 2025.
Example 5 — Retrofitting an aluminum smelter	45V: Clean Hydrogen Production Tax Credit	A tax credit that may be applied to qualified clean hydrogen projects.
	48C: Advanced Energy Project Credit	A tax credit that may be applied to investment in qualified advanced energy projects (i.e., one that "re-equips, expands or establishes an industrial or a manufacturing facility for the production or recycling of specified advanced energy property.").
Example 6 — Electrifying buildings at scale	179D: Energy Efficient Commercial Buildings Deduction	A tax deduction for energy efficiency improvements to commercial buildings, such as improvements to interior lighting; heating, cooling, and ventilation; hot water; and building envelope.
	25C: Energy Efficient Home Improvement Credit	A tax credit for energy-efficiency improvements of residential homes.

Eligible — and Particularly Impactful — Project Areas

Within the program guidelines, there is a massive amount of flexibility with respect to the types of projects that can be supported, and LPO has encouraged potential applicants to think broadly and creatively about the opportunity. At the same time, there is a need to ensure the funding is well spent on high-impact projects.

States should push entities from low-impact uses of EIR toward high-impact uses. EIR was designed to support projects that are hard to finance using commercial lending with unique benefit opportunities. But right now, many utilities have proposed substituting EIR financing in place of corporate utility debt that they could secure affordably elsewhere, diluting the value-add of the program. In other words, states can help avoid EIR financing being used to support projects that likely would or could have happened otherwise.

In the electricity sector, high-impact EIR approaches include:

- **Use by a regulated utility to finance a high percentage of the costs of new clean generation to replace a fossil-powered plant.** Utilities can use **capital recycling**, an approach that involves taking existing fossil plants off a utility's balance sheet and replacing that rate base with new clean energy. This strategy improves utility earnings by helping recover some of the costs associated with the fossil assets and allowing them to make money from the new clean energy investments.

- **Use by entities other than utilities (such as independent power producers) to acquire fossil plants with underutilized interconnection capacity and use these sites for the installation of renewables.** Such projects have the potential to significantly accelerate pollution reductions by repurposing excess fossil interconnection and avoiding lengthy interconnection queues, which in some places require projects to wait more than five years to connect to the grid. EIR loans would provide critical access to capital for these projects, which face significant challenges in acquiring private funds because of stakeholder mandates prohibiting fossil investments.

States should encourage the use of EIR in a way that adds value to projects — by bringing down costs for ratepayers, addressing risks, or otherwise being additional to the type of financing available elsewhere.

Though the details of how exactly EIR can be used are still evolving, states should encourage creative and high-impact project ideas and financing approaches. DOE can support the refinement of the project idea and will ultimately decide whether a given project is a good fit for EIR. DOE may also direct the applicant to other federal funding sources.

The following detailed examples provide more information on what impactful EIR projects could look like with a focus on the electricity and industry sectors, which are most obviously aligned with the EIR program. Because of the program's broad mandate, however, it is possible that creative energy infrastructure projects in other sectors could apply to use EIR funding (e.g., a large-scale building electrification initiative tied to the decommissioning of natural gas distribution infrastructure).

Electricity Sector

By supporting power sector projects, EIR can help address major challenges with meeting renewable electricity targets while balancing increasing electricity demand. On the supply side, more than a terawatt of clean electricity — primarily solar, wind, and battery storage — is stuck in interconnection queues, and in many areas of the country, it can now **take over five years** to get new energy resources connected to the grid. On the demand side, electricity demand is growing for the first time in decades powered by increasing electrification, energy-hungry datacenters, and the resurgence of domestic manufacturing.

This list of project types that would likely fit into EIR shows how the program could be used throughout the electricity sector. This list is not meant to be exhaustive or limiting and is mentioned for illustrative purposes.

- Retired power plant or other qualifying energy infrastructure retooled, repowered, repurposed, or replaced with:[ii]
    - Renewable energy
    - Renewable energy and storage
    - Distributed energy (e.g., virtual power plant)
    - Transmission connection to off-site clean energy
    - Grid upgrades that facilitate the deployment of clean electricity (e.g., transformers, substations, grid-forming batteries)
    - Nuclear energy

ii A "fleet" approach to pollution reduction is possible here too (i.e., a bundle of investments that reduce pollution from existing infrastructure is eligible for EIR).

- Fossil or biomass generation with carbon capture and sequestration (CCS)
- Repowering of nuclear power plant to resume operations
- Coal ash remediation with site redevelopment
- Upgrades to wind farms to increase output
- Transmission **reconductoring** (i.e., upgrades to increase capacity of existing transmission lines)

See the Appendix for a description of "**clean repowering**," an exciting approach for leveraging existing electricity infrastructure to deploy solar, wind, and storage at speed and at scale.

Industry Sector

In the industry sector, EIR presents an investment opportunity for companies looking to take advantage of opportunities in the new energy economy. EIR can support companies looking to use existing infrastructure to manufacture components of the clean energy transition or produce lower-carbon products. The oil and gas sector presents perhaps the most significant investment opportunity, particularly after achieving record profits in 2022. This dynamic resulted in **increased cash availability and widespread debt reduction**, giving these companies more financial flexibility to invest in new projects and assume additional debt. An illustrative list of EIR project types in the industry sector is below.

- New manufacturing facilities for clean energy products or services (e.g., wind turbine components)
- Repurposing energy infrastructure for industrial decarbonization (e.g., low-carbon cement, low-carbon aluminum, etc.)
- Transitioning oil and gas assets, including the following (these opportunities are described in more detail in RMI's article on using EIR in the oil and gas sector):
    - Repurposing depleted oil and gas reservoirs for CCS
    - Developing enhanced geothermal systems in applicable oil and gas fields using repurposed infrastructure
    - Repurposing offshore oil and gas infrastructure for offshore wind
    - Repurposing abandoned oil and gas fields for renewable energy projects
    - Repurposing oil and gas pipelines for hydrogen or CO_2 transport
    - Repurposing gas stations for EV charging stations
    - Repurposing refineries for sustainable aviation fuel production or green hydrogen production
- Lowering existing operational pollution of oil and gas activities, including:
    - Monitoring and mitigating methane pollution
    - Electrifying operations with renewable energy
    - Switching from gray to green hydrogen

What are some examples of what a high-impact EIR project could look like?

Below are a few illustrative examples demonstrating the range of high-impact possibilities for EIR investment.

Example 1 — Replacing a fossil plant with solar and storage

An independent power producer plans to demolish a defunct 350 MW coal-fired power plant and repurpose the site. They intend to build 50 MW of solar power and 250 MW of 4-hour battery storage, using the existing interconnection. The plan for the project includes retraining and providing new opportunities for former plant workers. A loan guarantee from EIR will help finance the solar and storage project, with repayment from clean electricity tax credits and revenue from the new facility. Part of the loan will also fund the remediation of on-site coal ash ponds. Since remediation can be difficult to finance, EIR allows a project to happen that might otherwise stall due to these costs.

Example 2 — Clean repowering via surplus interconnection

In a region with a massive projected increase in electric load due to the proliferation of data centers, a project developer proposes building a 750 MW wind farm near the site of an existing 1,000 MW gas peaker plant. The gas peaker utilizes its interconnection rights only about 5% of the time, which would allow the wind facility to provide affordable energy to the grid during times where the gas plant is not operating at full capacity. The wind farm can use the gas plant's point of interconnection to the grid since it can be built on a parcel near the gas plant and send its electricity to the grid via a short spur line. Since an existing point of interconnection can be used, the project can break ground in less than one year and does not have to face the five-year interconnection wait time faced by other nearby projects of similar size.

Example 3 — Repurposing a refinery

The owner of a small oil refinery plans to repurpose existing infrastructure to produce sustainable aviation fuel (SAF). The technology required for SAF production and refinery conversion is well-established, and the company has developed a detailed plan for the transition that involves retaining existing employees and creating new job opportunities in the community. The significant capital expenditure required for the transition is made more economical by the 45Z clean fuel production tax credit, and the SAF creates a potential future revenue stream through the sale of SAF certificates.

Example 4 — Switching from gray to green hydrogen

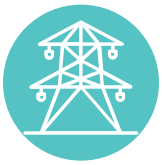
A refinery currently produces hydrogen from natural gas (i.e., gray hydrogen) as an input into the oil refining process. The refinery owner decides to invest in producing green hydrogen, which requires electrolyzers powered by on-site renewable energy. This is a significant up-front investment, but EIR financing and the 45V clean hydrogen production tax credit improve the economics to make the project possible. Additionally, as the market for green hydrogen grows through its future use in the clean energy economy, the refinery has positioned itself to take advantage of this new revenue stream and could later fully convert its operations to green hydrogen production.

Example 5 — Retrofitting an aluminum smelter

The owner of an aluminum smelter with an on-site gas power supply applies for an EIR loan to finance an investment to transform the facility to produce low-carbon aluminum. The EIR financing helps with the decommissioning and remediation of the current gas generator site and with the building and interconnecting of nearby solar and storage. The new power system substantially reduces operating expenses and allows the facility to capitalize on the growing market for green aluminum.

Example 6 — Electrifying buildings at scale

A dual fuel utility applies for EIR financing to pursue a large-scale building electrification project in a collection of neighborhoods serviced by older gas infrastructure that is due for an expensive overhaul. EIR financing makes it cost-effective for the utility to decommission this infrastructure rather than replace the pipes, support households and businesses in electrifying their appliances and equipment, and pursue necessary electricity system upgrades to account for increased demand. This project provides consumer savings and air quality benefits, creates dozens of local construction jobs, and serves as an example for localities across the country working to equitably transition gas distribution infrastructure.



Example 7 — Reconductoring transmission lines

A utility company plans to upgrade several high-voltage transmission lines by replacing their conductive cores. This upgrade is expected to double the electricity carrying capacity and reduce line losses by up to 50%. The project will utilize existing towers and rights-of-way to significantly enhance the utility's ability to connect new clean energy sources without the costs and delays of building new lines. Regulatory approval for cost recovery has been obtained, ensuring a reasonable prospect of loan repayment.

Example 8 — Replacing a power plant with a virtual power plant (VPP)

A VPP company applies for an EIR award to account for the need left by a soon-to-retire gas-fired peaker plant. By aggregating distributed energy resources and energy storage, managing demand-side flexibility, and providing other grid services, the VPP company will manage the supply and demand dynamics to ensure a smooth transition after the gas plant closes. The VPP will also improve the air quality of the low-income communities and communities of color located near the plant, which have disproportionately borne the brunt of the plant's air quality impacts.

Some projects are better suited for financing through other avenues. The table below explores when and why a project team might seek out financing from other LPO programs or from the private lending market.

	Title 17: State Energy Financing Institution (SEFI) Program	Title 17: Innovative Energy or Supply Chain Technologies	Private lenders
Eligible Project Types	Any energy infrastructure decarbonization project that is also receiving meaningful financial support from a state energy financing institution. For example, installing rooftop solar on schools, improving energy efficiency at industrial facilities, or electrifying vehicle fleets would fit well under SEFI, if supported by the state.	Projects that are deploying a technology that was only recently discovered or developed and hasn't reached full commercialization in the United States. Its scope is broader than EIR including, for example, energy efficiency projects.	Most project types, especially clean energy projects not connected to refinancing existing energy assets.
When/Why to Use Instead of EIR	Projects that are ***not replacing or decarbonizing*** an existing fossil resource or utilizing legacy fossil infrastructure but also do not qualify as innovative. If the state has an active SEFI program, SEFI-eligible projects will benefit from additional state financing and an extra level of buy-in.	Projects that qualify as innovative may be interested in pursuing these more established Title 17 programs.	1. Individual projects under $100 million. 2. Projects that do not have the capacity to complete a NEPA review, create a Community Benefit Plan, or meet Davis-Bacon requirements to offer workers prevailing wages. 3. Projects developed by large companies with very good credit ratings that can access private capital at a similar cost to the US Treasury Curve + 37.5 basis points.

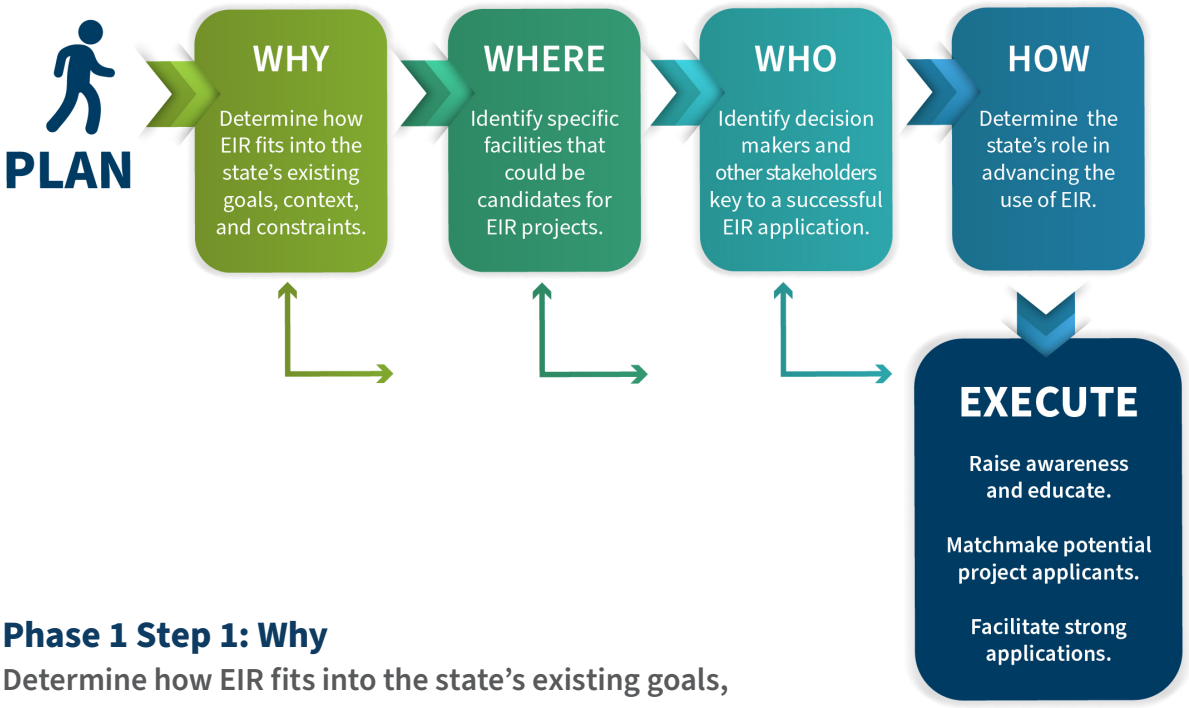
Overall, the EIR program offers a can't-miss opportunity for states looking to play their part in supporting a clean energy economy. States have three key roles in ensuring these funds are put to their highest and best use:

1. **Raising awareness about the EIR program and educating potential applicants**
2. **Connecting key decision makers necessary to form a project concept**
3. **Facilitating strong EIR applications**

RMI's Emerging Guidance for States

The following section outlines a process that state entities can take to support EIR deployment and considerations to take into account along the way.

These steps fall into two categories: planning and execution. The planning phase allows states to determine how EIR aligns with their goals, where the program could be deployed, which stakeholders should be engaged, and how the state might play a role. That role, undertaken in the "execution" phase, can take three forms: raising awareness about the program, connecting potential applicants, and/or supporting application development. This can be an iterative process where planning and execution inform each other, and the state adjusts its approach as it learns more and as opportunities and interests evolve.



Phase 1 Step 1: Why

Determine how EIR fits into the state's existing goals, context, and constraints.

EIR is a flexible program that can advance a wide array of state goals. States should start by figuring out which goals to focus on, such as economic development, workforce development, community investment, or environmental goals. This will determine whether — and for which types of projects — EIR is of most interest. At the outset, state staff should consult agencies that work on these topics to identify potential projects that advance these goals while also fitting within EIR criteria. This step should include clarifying the connection between potential EIR projects and their goals — whether it be ensuring that a clean electricity target is achieved on time, that job losses in a key sector are reversed, that grid reliability is improved, or that an ozone State Implementation Plan is achieved.

Each EIR project is expected to advance two primary goals: 1) revitalize existing and retired energy assets and 2) provide benefits to the communities near those assets.

Community Benefits

EIR projects are expected to (1) support meaningful community and labor engagement; (2) invest in America's workforce; (3) advance diversity, equity, inclusion, and accessibility; and (4) advance the goal that 40% of the overall benefits of clean energy investment flow to disadvantaged communities.

More broadly, state staff can also assess how EIR fits into their existing constraints, context, and interests to determine how to approach the program. This includes, for example, staff capacity, existing policy directives, and the presence and health of key industries.

Step 1 Output: A clear guiding statement describing how EIR fits into the state's context, goals, and constraints

Phase 1 Step 2: Where

Identify specific facilities that could be candidates for EIR projects.

Because of the wide array of project types eligible for EIR funding, states interested in deploying EIR should assess where EIR could be used in specific places in ways that align with state goals. States should start by casting a wide net to include creative uses of the program, even if EIR ultimately may not be a good fit for those projects.

States should consider assessing infrastructure associated with the generation and transmission of electricity and with the fuel supply chain (from production to delivery). This ranges from things like power plants and transmission lines to coal mines, oil and gas wells, energy pipelines, and petrochemical refineries.

A number of potential project locations may come to mind right away. There could be a key transmission line that, if upgraded, could release a bottleneck holding up new clean electricity generation. Perhaps there is a natural gas power plant contributing to ozone nonattainment in an environmental justice community. Or there could be a major petrochemical plant slated to close, placing the jobs and economic future of the surrounding community in jeopardy.

Policymakers may already be aware of energy infrastructure in their state that they suspect could be a strong candidate for an EIR application. That can be a good place to start, but additional research will help sharpen the state's focus. The goal at this stage is to get a sense of where opportunities may emerge to inform the rest of the state's process, not to be prescriptive about where the funding should or should not be deployed.

Building on any of these initial ideas, the steps below can help the state create a more robust list of potential projects.

1. Issue a Request for Information (RFI), which may be EIR-specific or written broadly enough to solicit information about projects suitable for other federal funding sources, such as SEFI.

2. Review RMI's ***Clean Repowering*** analysis, which identifies specific locations suitable for new solar, wind, and storage capacity that can utilize EIR financing in a way that reduces ratepayer costs, increases shareholder earnings, and maintains or improves electricity reliability.

3. Review **FLIGHT** (Facility-Level Information on Greenhouse Gases Tool) from the Environmental Protection Agency (EPA) to identify the top 10 most polluting facilities in the state.

   - Depending on the state's grid mix, most of these facilities are likely to be power plants, some of which may already have been identified through the clean repowering analysis as suitable candidates for EIR. Other top emitting facilities might include high-heat industrial manufacturing plants such as cement, aluminum, and steel. Upgrades to the energy generation infrastructure at these facilities may be a good fit for EIR while other types of upgrades (e.g., energy efficiency) are likely a better fit for other programs, such as SEFI.
   - Some facilities may be located in energy communities, making them potential candidates for higher levels of federal funding. **This interactive map** from DOE identifies where those communities are.

4. Review RMI's **Clean Growth Tool** to identify the highest feasibility clean energy industries within your state, based on existing workforce and related industry capabilities. Higher feasibility industries are more likely to be the foundations of future cluster development and medium-term economic development.

5. Have conversations with technical, financial, and community experts, including experts at the governor's office, state energy office, economic development office, and relevant regulatory bodies to help refine the state's ideas.

The goal of this process is to generate a detailed and robust list of potentially eligible projects. This list will be useful to review with LPO — even if projects are not eligible for EIR, they may well fit with another financing opportunity. It's always best to connect with LPO directly about which program is best suited for each project.

Energy Communities

EIR financing supports investment in energy communities, which can include projects in what the federal government has officially designated as "energy communities," as well as projects located in communities that do not meet the official definition but are nonetheless reliant on or located near energy infrastructure. In some cases, EIR-financed projects are eligible for additional tax benefits available to IRS-defined energy communities, providing a boost to community reinvestment opportunities. EIR applicants should refer to IRS tax guidance and other (non-LPO) program documents for direction on eligibility for those benefits and consider Federal Support Restrictions applicable to non-tax benefits in some cases.

Step 2 Output: A list of potential EIR project locations with basic details about the sites[iii]

[iii] In the end, some of these facilities might be strong candidates for projects and EIR funding, and others may not be. Additional steps will help determine that.

Phase 1 Step 3: Who

Identify decision makers and other stakeholders key to a successful EIR application.

Once the state has identified potential facilities, it should identify the stakeholders relevant to those projects. If the list of potential projects from Step 2 is long, states can start with a handful of potential facilities that feel most promising. Possible stakeholders include:

- Facility owners and other potential applicants as the key project decision makers
- Energy communities living near facilities to maximize the benefits to them
- Project investors
- Other state agencies involved in managing or regulating the infrastructure
- Nonprofit entities

All of these stakeholders — and others — may have thoughts about the use of EIR funding in a specific circumstance. States may consider prioritizing outreach based on the types of concerns these stakeholders have and the level of influence they have on EIR application decisions. In addition, existing processes can also be leveraged to advance EIR. For example, if the state already holds regular meetings with manufacturers, they could use those engagements to support the deployment of EIR.

Step 3 Output: A prioritized list of stakeholders relevant to each project

Phase 1 Step 4: How

Determine the state's role in advancing the use of EIR.

At this stage, states should conduct outreach to key stakeholders to understand how the state could be helpful. That will inform what role the state could most usefully play in the process, recognizing that these may shift over time. Roles may include:

- **Early stages:** Raise awareness and educate
- **Middle stages:** Matchmake potential project applicants
- **Later stages:** Facilitate strong applications

States should ask questions that help determine stakeholder needs, the barriers they face, and what type of state support, if any, they would benefit from. Conversations should gauge the level of familiarity and interest in the program, whether the stakeholder is already considering or engaged in an application, and if so, what barriers the stakeholder has faced along the way. States can conduct needs assessments with a diverse array of stakeholders and assess the results of these conversations to get a sense of the variety of interests, obstacles, and needs present among potential applicants and where state support could help most.

These conversations can take a variety of forms. States may use existing channels of communication to talk to stakeholders. They may hold 1:1 meetings, or they may convene a large group of stakeholders to brainstorm needs together. The goal is not to talk to everyone who might apply for EIR funding but rather a representative sample of stakeholders. The outcome will be that the state has a sense of the needs that potential applicants have and how the state may be able to support them.

Step 4 Output: Needs assessment calls with a diversity of stakeholders resulting in a clear plan of action

Phase 2: Execute

Armed with a clear statement defining how EIR relates to their state's context and goals, a short list of potential project sites, a list of stakeholders relevant to those potential projects, and a plan of action, states can begin executing on the plan and engaging with project stakeholders. Each of the three potential approaches below has its own set of next steps. Based on state and stakeholder needs and capacity, states can employ more than one approach.

Raise awareness and educate.

If states find that many potential applicants are not aware of the program or the range of opportunities it presents, they may decide to raise awareness about EIR. They should come to conversations prepared with a clear desired outcome and bring the expertise necessary to explain the value of the program clearly and answer key questions, which may mean pulling in LPO or other outside experts. The state's convening power and existing relationships make them well-positioned to serve as a conduit for this information.

To initiate the education and awareness raising, states may:

- Identify the key audiences for receiving the information.
- Decide on the venue for communicating the information (e.g., a convening, 1:1 stakeholder meetings, webinar).
- Identify who will provide the information (e.g., the state, federal government, or trusted partners).
- Schedule the communications.
- Connect potential applicants with relevant experts that can provide additional advice and information outside of the meetings or webinars as needed.

Matchmake potential project applicants.

If states find that some potential applicants are excited about the program but that additional conversations are necessary before a project idea can solidify, they may use their knowledge of the energy landscape to connect people and grease the wheels for project formation. Based on the knowledge of state industry players, community interest, and even what is happening in other peer states, state agencies may be well-positioned to serve as matchmaker.

States can connect individuals and organizations that may constitute project application "teams," consider the actors in the facilities identified through the landscape assessment and needs assessment, and list out key decision makers in the energy companies, manufacturers, local government entities, or others involved. States can identify opportunities where the state could add value in connecting, say, a power plant developer with a local government entity interested in supporting clean electricity. Stakeholders the state pulls together could include, for example, the site owner, site manager, developer, project investor, and others.

Since a robust Community Benefit Plan (CBP) is a key component of an EIR application, states can connect facility owners with nearby communities to ensure a successful CBP that realizes tangible community benefits.

Convening people in person, sending introductory emails, or facilitating meetings can be effective strategies depending on the need and the state's preference for engaging. Once these connections are made, potential applicants can request a **pre-application consultation** with LPO.

Facilitate strong applications.

If states find that applications are underway already, they may want to get involved to support and encourage projects that satisfy everyone's interests and result in what may be more compelling project applications.

States can guide funding applications to increase their chances of success and ensure they reflect state and community interests. Once participants in an application are connected, they can figure out their general project idea, refine that idea, and enter the formal application process. States may play a role here in informing and supporting the project idea development and refinement as is desired by the applicant. This could include hosting, joining, or facilitating conversations between different stakeholders to share and align interests and support the advancement of outcomes the state wants to see, such as a strong Community Benefit Plan. By this stage, LPO will play an increasingly important role in guiding applicants through the process.

Conclusion

States looking to advance the energy transition in their state through EIR may find that intentional action to support high-impact project applications is a worthwhile investment. This playbook can help a variety of state agency actors figure out how to play a positive role in unlocking billions of dollars in private capital flowing to their communities, improving air quality, and creating jobs.

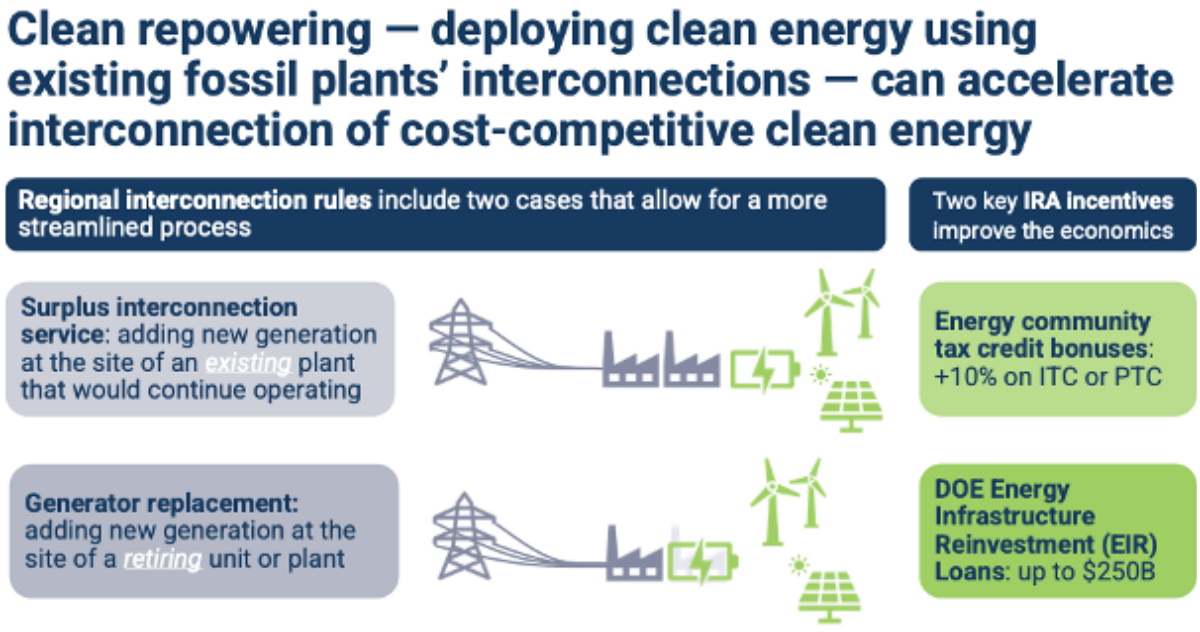
Entities with questions about the material included here can reach out to Jake Glassman with RMI's state team (**jglassman@rmi.org**), and states can contact LPO's **State Outreach and Business Development** team or LPO leadership for questions or exploratory conversations. For potential EIR applicants looking to initiate a pre-application consultation, see the website linked **here**.

Appendix

Clean Repowering

One of the most exciting use cases for the EIR program is in supporting the deployment of clean electricity generation at existing fossil-powered generation facilities. EIR can be combined with expanded IRA tax credits to advance an approach that RMI refers to as "clean repowering," which maximizes IRA incentives and bypasses interconnection queue delays to deploy clean electricity at speed and scale. This is a great way to get clean electricity onto the grid quickly, affordably, and reliably.

Clean repowering can bypass current interconnection delays, potentially reducing the time it takes for new assets to begin commercial operations to less than one year. Clean repowering utilizes two regional interconnection rules and two key IRA incentives to do this. The first interconnection rule, **surplus interconnection services**, allows for the addition of new generation at the site of an existing plant that is continuing operation, utilizing that point of interconnection when the existing plant is not generating. The second rule, **generator replacement**, allows new generation to replace a retiring plant, transferring those interconnection rights over to the new assets.[iv] Many clean repowering sites may also qualify for the IRA's **energy communities bonus, increasing** the value of the PTC and ITC for clean electricity assets by 10% and 10 percentage points, respectively. And low-cost **EIR financing** offers additional potential to bring down costs for customers.



iv Surplus interconnection services and generator replacement are not available everywhere. In places where they are not, states can advocate for their regional transmission operator (RTO) to allow for surplus interconnection or fast-track generator replacement processes. In non-RTO states, utilities can file for a generator replacement at the Federal Energy Regulatory Commission, which is likely to be granted on precedent. See RMI's ***Clean Repowering*** report for more information on how interconnection rules vary regionally.

According to RMI analysis, clean repowering using the range of IRA incentives means that more than **250 GW** of new clean capacity in the form of solar, wind, and battery storage could be built economically over the next decade, **saving electricity ratepayers nearly $21 billion in net present value over the next 30 years**.

This improves affordability by shifting away from high-cost fossil units, new transmission lines, and additional interconnection costs. This can also help meet new load growth by connecting clean resources more quickly, as well as reduce grid impacts by minimizing the delay between fossil retirements and new clean resources coming online.

States can support clean repowering and its use of EIR financing as a way to deploy renewable electricity affordably and quickly, maintain electricity system reliability, and reduce pollution. Read more about clean repowering **here**.

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