

PSRP Name: Innovative Technology Loan Guarantee Program		
PSRP Lead Program Office and/or Laboratory/Site Office: Loan Guarantee Program Office (LGPO)		
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Does this program align with an existing PART program? N

Does this program align with an existing CFDA program? N

Program Title: Innovative Technology Loan Guarantee Program (Section 1705 Recovery Act)

1. Objectives:

Program Purpose

The main purpose of the Recovery Act portion of Title XVII Loan Guarantee Program is to create a temporary program for rapid deployment of renewable energy (including leading edge biofuels) and electric power transmission projects.

Public Benefits

Projects secured with the program’s loan guarantees lend to the creation and retention of jobs throughout their execution life-cycles. The projects will expand electricity power transmission, help to increase renewable energy deployment (including leading edge biofuels) and will support avoiding and reducing greenhouse gases and air pollutant emissions that contribute to global climate change. Projects will also support national economic and energy security through reducing national dependence on fossil fuels.

2. Projects and Activities:

Kinds and scope of projects and activities to be performed

As detailed in the table below, the Loan Program is authorized to make almost \$4 Billion in appropriated credit subsidy available to support the following categories of projects:

1. Renewable energy systems including incremental hydropower that generate electricity or thermal energy, and facilities that manufacture related components.
2. Electric power transmission systems including upgrading and reconductoring projects.
3. Leading edge biofuel projects that use technologies currently at the pilot or demonstration scale that are likely to become commercial technologies and will produce transportation fuels that substantially reduce life-cycle greenhouse gas emissions compared to other transportation fuels.

The table below lists the funding amounts for the Program by GPRA unit	
GPRA Unit / Program Name	Total Funding (\$M)
N/A Section 1705 Credit Subsidy	\$3.935
N/A Section 1705 Administration	\$25
N/A Advanced Technology Vehicle Manufacturing (ATVM) Administration	\$10

List of Projects and Activities

The Recovery Act Loan Guarantee program will focus on projects that are investments for the rapid deployment of renewable energy generation, biofuels production and electric transmission enhancements. The projects will be presented by applicants employing technologies in the following areas:

1. Renewable energy systems including incremental hydropower that generate electricity or thermal energy, and facilities that manufacture related components.
2. Electric power transmission systems including upgrading and reconductoring projects.
3. Leading edge biofuel projects that use technologies currently at the pilot or demonstration scale that are likely to become commercial technologies and will produce transportation fuels that substantially reduce life-cycle greenhouse gas emissions compared to other transportation fuels.

LGPO activities will encompass all of the typical activities in the life cycle of a loan including initial project screening, due diligence, structuring, approval, documentation, funding and finally monitoring until full repayment. All efforts will be made to accelerate the review and decision making process while ensuring that all statutory and regulatory requirements are met and that all loan guarantees issued by the LGPO provide a reasonable prospect of repayment.

The first step of the loan review process is an initial project screening. This screening is a merit-based evaluation of the application that ensures the project meets the LGPO's basic regulatory and credit requirements. After the initial project screening, the LGPO will commence due diligence and structuring. These steps will be done in parallel with the purpose of structuring the project and related loan that provides a reasonable prospect of repayment over the life of the loan. After the due diligence and structuring stage, the project and proposed loan structure are presented for approval. If the project is approved, the project documents and LGPO loan documents will be completed and funding will occur when all funding conditions in the loan agreement are met. Finally, once funding occurs, the project and loan will move into the monitoring stage. In this last step, the LGPO will monitor the construction and operation phases of the project to ensure that it operates as anticipated and ultimately repays the loan in full.

Title XVII – Section 1705

By adding Section 1705 to Title XVII, the Recovery Act:

- Expands LPGO efforts for renewable and transmission projects beyond innovative technologies to include more mature technologies where normal commercial financing options have been interrupted by the credit crisis.
- Uses appropriated subsidy to lower barriers to entry for 1705 sectors and allows the LGPO to better leverage the human and financial capital available in the private debt markets.
- Employs sunset provisions that require a rapid deployment of funds to meet Recovery Act objectives.

In addition to renewable projects, Section 1705 also includes electronic transmission and leading edge biofuels. Electric power transmission systems include upgrading and reconditioning projects for intra and interstate transmission lines. Leading edge biofuel projects are projects designed to produce transportation fuels from biomass and similar sources that substantially reduce life-cycle greenhouse gas emissions compared to other transportation fuels and that employ new or significantly improved pilot stage or later biofuel technologies.

The detailed activities required to process and award loan guarantees under Section 1705 are well underway. One loan closing (Solyndra) and six other conditional commitments (Beacon, Nordic, BrightSource, First Wind, U.S. Geothermal, and Blue Mountain) have been completed to date totaling \$2.3 Billion in loan guarantees.

ATVM

The Advanced Technology Vehicle Manufacturing (ATVM) program provides loans to automobile and automobile part manufacturers for the cost of re-equipping, expanding, or establishing manufacturing facilities in the United States to produce advanced technology vehicles or qualified components, and for associated engineering integration costs. While the ATVM program is not part of the LG Program, the Recovery Act directed \$10M of Administrative funds be transferred from the LG Recovery Program to support administration of the ATVM program. That transfer occurred in April 2009.

3. Characteristics:

Types of Financial Awards to be used

The Loan Guarantee Program was authorized \$3.935 Billion in credit subsidy to support an estimated \$32-35 Billion in loan guarantees under the Section 1705 program.

A total of \$35 Million has been allocated for Administrative support activities (\$25 Million for the Section 1705 and \$10 Million for the Advanced Technology Vehicle Manufacturing Program Administration).

Type of Recipient

The loan guarantees target recipients ranging from small businesses to large corporations that apply for the renewables, advanced biofuels and electricity transmission awards.

Type of Beneficiary

The loan guarantee recipients will directly benefit as will various partners, contractors and subcontractors who support the construction phase of the projects and suppliers of materials and supplies used during that phase. These are project specific beneficiaries.

4. Major Planned Program Milestones:

Loan guarantee amounts per quarter are unknown at this time. Total estimate for loan guarantees is \$32-35 Billion.

Milestones	Date	Value
Announced Renewable Energy, Energy Efficiency, and Advanced Transmission and Distribution Technologies Solicitation	10/02/08	
Completed first conditional commitment for a loan guarantee (Solyndra) (Q2 FY2009)	03/20/09	
Completed 3 conditional commitments (additional-Nordic and Beacon) (Q4 FY2009)	07/02/2009	
Announced second EERE and Advanced Transmission and Distribution Technologies Solicitation	07/29/09	
Announced Electric Power Transmission Infrastructure Solicitation	07/29/09	
Announced Financial Institution Partnership Program – Renewable Energy Generation Projects Solicitation	10/07/09	
Completed conditional commitments to support 5 projects (Q2 FY2010)	02/22/10 and 03/05/10	
Complete conditional commitments to support a minimum of 10 projects (Q3 FY2010)	06/30/2010	
Complete conditional commitments to support a minimum of 17 projects (Q4 FY2010)	09/30/2010	
Complete conditional commitments to support a minimum of 27 projects (Q1 FY2011)	12/31/2010	
Complete conditional commitments to support a minimum of 37 projects (Q2 FY2011)	03/31/2011	
Complete conditional commitments to support a minimum of 47 projects (Q3 FY2011)	06/30/2011	
Complete conditional commitments to support a minimum of 50 projects (Q4 FY2011)	08/31/2011	
Close loan guarantees by September 30, 2011	09/30/2011	

5. Monitoring and Evaluation: Agency Wide

Recovery Leadership & Operations

The DOE Recovery Office is the central point for implementation and execution of Recovery Act activities. A recovery operations team will oversee implementation management, such as monitoring project status, evaluating cost and schedule progress, ensuring thorough reporting, coordinating with external entities, and holding monthly performance and review meetings with senior departmental managers on the implementation status of specific recovery projects.

Recovery Funding Oversight, Performance

In addition to DOE's standard funds control mechanisms, Recovery Act funds are subject to additional process controls to ensure funds are not co-mingled, are tracked to enable reporting, and are spent responsibly. DOE recovery funds are released for implementation in a staged approach. Programs develop initial project plans which include performance metrics which require management approval.

Office of Internal Review (OIR)

DOE's OIR helps programs ensure that internal controls are in place, effective, and support the risk based approach to managing Recovery Act activities. OIR programs are being implemented or expanded to ensure the Recovery Act objectives are met and DOE managers and partners are both held accountable for successful execution and also have the appropriate tools to ensure that success. These programs include coordinating DOE's "Internal Control Acknowledgment" program, conducting agency wide assessments and analyses and performing oversight of Recovery Act programs, including site and field visits. OIR worked with key impacted programs to produce initial vulnerability assessments identifying potential program specific and cross-cutting risks to ensure successful execution.

Program Specific

The LGPO plans to track and report program cost and performance information for all recipients to monitor and report on Recovery Act activities. We also will use a Program Management contract as part of the delegated lending strategy to collect the required data elements for both internal and external reporting from each project recipient to meet the Recovery Act Section 1512 reporting requirements. This system will document recipients' use of funds in eligible activity categories.

The Portfolio Management Division of the LGPO will conduct site visits on a regular basis as part of their normal surveillance activities for each loan or guarantee. Monthly reports and periodic program reviews will support portfolio management and operations and programmatic audits. The normal Portfolio Management and Operation includes tracking of actual expenditures to verify that funds are used for their intended purposes.

Since these are new programs at DOE, there are no baselines at LGPO or ATVM such as for typical time to process a loan guarantee.

As part of the evaluation process and after the merit-based reviews, DOE uses a Credit Committee and a Credit Review Board as part of the governance process to support broad and thorough reviews of policy, credit terms, and individual projects.

6. Measures:

1. Text: Percentage of projects receiving DOE loan guarantees that have achieved and maintained commercial operation.

Frequency: Once per project (Quarterly)

Direction: +

Unit: Percent

Target: 100%

2. Text: Newly installed renewable energy generation capacity from power generation projects receiving DOE loan guarantees.

Frequency: Once per project (Annual)

Direction: +

Unit: MW

Target: To be determined; target will match High Priority Performance Goals

3. Text: Newly installed renewable manufacturing capacity from manufacturing projects receiving DOE loan guarantees.

Frequency: Once per project (Annual)

Direction: +

Unit: MW

Target: To be determined; target will match High Priority Performance Goals

4. Text: Forecasted greenhouse gas emissions reductions from projects receiving loan guarantees compared to 'business as usual' energy generation.

Type: Outcome

Frequency: Once per project (Annual)

Direction: -

Unit: Tons of CO_{2e} per year

Target: 15,000,000 tons of CO_{2e} per year

5. Text: Percent of credit subsidy obligated relative to plan

Type: Efficiency

Frequency: Quarterly

Direction: +

Unit: Percent

Target: 15% by September 30, 2010, 100% by September 30, 2011

Actual: 1% has been obligated to date.

7. Transparency and Accountability:

Agency-Wide

DOE leverages its existing corporate systems to track and report on Recovery Act activities and to ensure effective funds management. The DOE's iManage Data Warehouse (IDW) is a corporate enterprise system integrating financial, budgetary, procurement, personnel, and program information to monitor and organize project execution. Each Recovery Act program is tracked using unique Treasury Appropriation Fund Symbols (TAFS), and each component project is identified by a unique Project Identification Code (PIC).

IDW is a central data warehouse linking common data elements from each of the Department's corporate business systems and serving as a "knowledge bank" of information about portfolios, programs or projects including budget execution, accumulated costs, performance achieved, and critical milestones met. The IDW contains information from multiple corporate systems and is a tool used to meet information needs for Recovery Act oversight and reporting to Recovery.gov.

The Performance Measure Manager (PMM) is the Department's performance tracking system. PMM tracks high-level budgetary performance and is being expanded to accommodate Recovery Act performance tracking needs. Performance evaluations will be organized and reported along with results from the Department's annual budgetary activities in the Annual Performance Report (APR) and posted on: www.energy.gov/recovery/syperfesz. Performance results will be uploaded into the IDW for required agency reporting. Performance results from DOE's Recovery Act activities will also be monitored through OMB's PARTweb

See DOE's Agency Wide Recovery Plan (www.energy.gov/recovery/xylkjsz) for additional information on DOE's financial and performance tracking mechanisms.

Program Specific

The management practices and procedures that will be used to maintain accountability and transparency with respect to Loan Guarantee Program Recovery Act activities will include, but are not be limited to:

- Regular management review meetings at multiple levels of the organization,
- Performance plan elements within individual performance contracts,
- Variance analysis of cost, schedule and performance of each project to inform Portfolio Management team activities,
- Use of strong internal management controls to ensure quality work product, and
- Independent audits by GAO and the DOE Inspector General.

To support outreach and communications efforts, the Loan Guarantee Program is making use of its home page on the DOE website to provide information on the Section 1705 program including rules, application instructions, press releases, program updates, and other relevant information such as copies of solicitations. Other aspects of the LGPO Communications Plan include providing speakers, sponsoring webinars, and providing content for various media and channels of distribution to all stakeholders.

8. Federal Infrastructure Investments:

This program does not include any Federal Infrastructure Investments.

9. Barriers to Effective Implementation

Regulatory:

Other:

10. Environmental Review Compliance

DOE will determine the appropriate level of NEPA review consistent with its regulations (10 CFR Part 1021) for individual projects, which will be proposed by applicants in response to DOE funding opportunity announcements. DOE will similarly comply with other environmental requirements in the context of particular proposals.