

Credit-Based Interest Rate Spread for Title XVII

The Loan Programs Office (LPO) is announcing that a credit-based interest rate spread will be added to certain loans that are issued by the Federal Financing Bank (FFB) and backed by a 100 percent loan guarantee issued by the Department of Energy.

Loans issued by the FFB will carry an interest rate calculated by the following formula:

Interest Rate = Applicable U.S. Treasury Rate for the tenor of the loan + 37.5 basis points (bps) FFB liquidity spread (standard across all Title XVII loans) + Applicable Credit-Based Interest Rate Spread

The credit-based interest rate spread will be applied to Title XVII transactions that:

- Demonstrate the ability to predictably generate sufficient cash flow to service the borrower’s debt obligations over the life of the loan guarantee, including transactions that have long-term power purchase agreements, and are not subject to unhedged market-based pricing risk; and
- Are able to provide a rating from a nationally recognized third party credit rating agency that falls within the range of ratings covered in the table below.

The credit-based interest rate spread will be determined based upon the following table. LPO will update this table periodically.

| Project Credit Rating | Credit-Based Interest Rate Spread (%) | Final FFB Interest Rate Spread (%) |
|-----------------------|---------------------------------------|------------------------------------|
| AAA | 0.000 | 0.375 |
| AAA- | 0.000 | 0.375 |
| AA+ | 0.000 | 0.375 |
| AA | 0.000 | 0.375 |
| AA- | 0.035 | 0.410 |
| A+ | 0.075 | 0.450 |
| A | 0.115 | 0.490 |
| A- | 0.185 | 0.560 |
| BBB+ | 0.265 | 0.640 |
| BBB | 0.335 | 0.710 |
| BBB- | 0.525 | 0.900 |
| BB+ | 0.725 | 1.100 |
| BB | 0.925 | 1.300 |
| BB- | 1.125 | 1.500 |
| B+ | 1.295 | 1.670 |
| B | 1.475 | 1.850 |
| B- | 1.625 | 2.000 |