

# Lending Reference Guide

## Innovative Fossil, Nuclear, and Renewable Technology



### LPO Role

- Provide debt financing to catalyze commercial deployment of new energy technology in the U.S. by demonstrating operational and financial viability
- Governed by [Energy Policy Act of 2005](#) and [Final Rule 10 CFR 609](#)

### Lending Capacity

- [Advanced Fossil](#) – \$8.5 billion available
- [Advanced Nuclear](#) – \$10.9 billion available, including \$2.0 billion for front end
- [Renewable Energy & Efficient Energy](#) – Up to \$4.5 billion available

### LPO Value-Added

✓ Access to Capital

✓ Flexible Financing

✓ Committed Partner

- Fully funded project debt or complement to commercial debt financing
- Prudent, replicable financial structures that render technology/project bankable
- Construction financing and long tenors
- Reliable anchor lender that is actively engaged throughout project life
- Multidisciplinary deal teams experienced in execution and monitoring of highly structured, complex transactions based upon first-of-a-kind technology
- Access to DOE's world class technical expertise

### Project Eligibility

- Located in the U.S. or its territories
- Deploys new or significantly improved (“innovative”) technology
- Ready for commercial deployment, used in fewer than three commercial facilities in the U.S. in the past five years
- Avoids, reduces or sequesters greenhouse gas emissions as measured on a lifecycle basis
- Reasonable prospect of repayment
- Additional details online at [Eligibility Requirements](#)

### Loan Products

- Direct loan from U.S. Treasury's Federal Financing Bank (FFB) backed by 100% “full faith and credit” DOE guarantee
- DOE partial guarantee of commercial debt from [Eligible Lenders](#)
- DOE can serve as sole lender or as a co-lender
- Senior secured, fixed or floating rate debt

### Eligible Project Costs

- Costs directly related to design, engineering, financing, construction, startup and commissioning
- LPO's transaction advisory fees (financial, market, technical, legal, insurance)
- Interest during construction
- Detailed list of [Eligible Project Costs](#) available online

## Capital Structure

- Structures may include project finance, structured corporate, corporate or warehousing lines
- Debt-to-equity ratio based on credit profile, business plan, technology, cash flows, project risk allocation and other relevant factors
- Loan guarantees up to 80% of total [Eligible Project Costs](#)

## Repayment Terms

- Flexible/sculpted amortization based on predictable cash flows
- Up to 30 years all-in tenor or 90% of projected useful life of major physical assets including construction and (possible) grace periods

## Pricing

- Based upon borrower's credit quality and default and recovery assumptions
- All-in pricing for FFB loan comprised of an upfront fee ("[Credit Subsidy Cost](#)") and base interest rate ([U.S. Treasury equivalent yield curve](#)) plus a [credit risk premium](#), typically ranging from 37.5 to 200 basis points
- Partial guarantee pricing includes upfront fee and interest rate negotiated among LPO, commercial lender(s) and borrower

## Fees (non-refundable)

- Part I Application Fee – \$50,000 payable upon submission
- Part II Application Fee – payable upon submission, scaled by loan amount
  - Loan guarantee ≤ \$150 million – \$100,000
  - Loan guarantee > \$150 million – \$350,000
- Facility Fee equal to 100 basis points on first \$150 million guaranteed plus 60 basis points on amounts > \$150 million, payable in two installments: 25% at Conditional Commitment and 75% at closing
- Monitoring fee based upon size/complexity/stage of project, payable annually (in advance) beginning at closing until full repayment

## Application & Underwriting Process

- Pre-application consultations are encouraged
- Review of online [Suggestions for a Strong Application](#) encouraged
- Application components and instructions described in relevant [Solicitation](#)
- [Online application portal](#) to establish an account and submit application
- Part I review by LPO to determine eligibility and readiness to proceed
- Part II review by LPO to evaluate creditworthiness and technical merit on preliminary basis
- Due diligence, structuring, negotiation, credit approval, documentation, and closing processes similar to those of commercial lenders
- Transaction timing dependent upon completeness of application materials and complexity of greenhouse gas analysis, as well as sponsor's readiness to proceed, responsiveness to information requests, and negotiation efficiency
- Required concurrence (30-day review period) of U.S. Treasury/FFB and Office of Management & Budget prior to Conditional Commitment and closing

DISCLAIMER: This guidance does not constitute legal advice and is provided strictly for informational purposes only. It does not constitute rulemaking by DOE and may not be relied on to create a substantive or procedural right or benefit enforceable, at law or in equity, by any person. Without limitation, there can be no assurance that a Conditional Commitment will be issued to any applicant, or, if a Conditional Commitment is issued, that a loan guarantee will ultimately be issued thereto.

General features as of April 2020, subject to change