Federal Water Finance Programs

June 10, 2020
Agenda

- Agency Leadership Remarks
  - Daniel R Simmons, DOE
  - David Ross, EPA
  - Chad Rupe, USDA
  - Dr. Timothy R. Petty, DOI
- EPA Water Infrastructure Finance and Innovation Act (WIFIA), Danusha Chandy
- EPA Clean Water State Revolving Fund (CWSRF), Justin Mattingly
- EPA Drinking Water State Revolving Fund (DWSRF), Howard Rubin
- USDA Rural Development Loans Office, Hal Nielson
- DOI Water Resources and Planning Office, Amanda Erath
- DOE Loan Program Office, Michael Reed
Daniel R Simmons
Assistant Secretary for Energy Efficiency and Renewable Energy
David Ross
Assistant Administrator for Water
Dr. Timothy R. Petty
Assistant Secretary for Water and Science
MISSION STATEMENT

The Water Infrastructure Finance and Innovation Act (WIFIA) program accelerates investment in our nation’s water and wastewater infrastructure by providing long-term, low-cost, supplemental credit assistance under customized terms to creditworthy water and wastewater projects of national and regional significance.
ELIGIBILITY

Eligible borrowers

- Local, state, tribal and federal government entities
- Partnerships and joint ventures
- Corporations and trusts
- Clean Water and Drinking Water State Revolving Fund (SRF) programs

Eligible projects

- Projects that are eligible for the Clean Water SRF, not withstanding the public ownership clause
- Projects that are eligible for the Drinking Water SRF
- Enhanced energy efficiency projects at drinking water and wastewater facilities
- Brackish or seawater desalination, aquifer recharge, alternative water supply and water recycling projects
- Drought prevention, reduction or mitigation projects
- Acquisition of property if it is integral to the project or will mitigate the environmental impact of a project
- A combination of projects secured by a common security pledge or submitted under one application by an SRF program
20 LOANS CLOSED

$4.2 BILLION TOTAL FINANCING

19,000 JOBS CREATED

21 MILLION+ POPULATION SERVED
LOAN PROCESS

Notice of Funding Availability (NOFA) | Letter of Interest Submission | Letter of Interest Evaluation | Project Selection

Summer 2020 | Fall 2020 | Fall 2020 | Winter 2020

Project Selection

Project Review, Negotiation, and Closing

Application Submission | Application Evaluation | Term Sheet and Loan Agreement Development | Approval and Closing

Up to 365 days | 1-3 months | 2-6 months | 1-3 months
IMPORTANT PROGRAM FEATURES

- Minimum project size for large communities: $20M
- Minimum project size for small communities (population of 25,000 or less): $5M
- Maximum portion of eligible project costs that WIFIA can fund: 49%
- Maximum final maturity date from substantial completion: 35 years
- Maximum time that repayment may be deferred after substantial completion of the project: 5 years
- Interest rate will be equal to or greater than the U.S. Treasury rate of a similar maturity
- Projects must be creditworthy
- NEPA, Davis-Bacon, American Iron and Steel, and all federal cross-cutter provisions apply.
WIFIA BENEFITS

• **Very low interest rate** equivalent to the U.S. Treasury rate of the same maturity based on the weighted average life (WAL)

• **Highly flexible repayment schedule** during construction, allowing payment deferral during periods of high capital expenditure

• **Ability to preserve a borrower’s senior debt capacity**, allowing borrowers issue future non-WIFIA project related debt at lower interest rates and with more favorable terms

• **Flexibility to sculpt the WIFIA repayment schedule** in order to reduce burden on rate payers. WIFIA repayments can be ramped up over time, allowing for small and steady rate increases to satisfy capital expenditures and debt service payments

• **Ability to back load repayments** offers significant saving compared to level repayment schedules, because cash outlays that are made sooner cost more than outlays in future years due to lost earning capacity on that cash

• Presence of low-cost, flexible WIFIA debt **improves the position and confidence of other lenders**. This may help borrowers obtain other sources of funding at more favorable terms
CURRENT STATUS - FUNDING

• WIFIA will have approximately $5.5 billion in loans available to finance approximately $11 billion in water infrastructure investment with its 2020 appropriation.

• WIFIA estimates that it will publish a Notice of Funding Availability (NOFA) for both the base program and SWIFIA program in Summer 2020.

• This timing is necessary due to the additional requirements mandated by the Appropriations Act, which must be completed prior to issuing the 2020 NOFA.
UPCOMING OUTREACH EVENTS

NOFA Webinar
• June 23rd from 2 to 3:30 PM EST
• Register Now

Water Finance Conference
• August 19-20
• Washington, DC
• WIFIA staff will be attending
CONTACT US

Website: www.epa.gov/wifia

Email: wifia@epa.gov

Sign-up to receive announcements about the WIFIA program at https://tinyurl.com/wifianews

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202-566-2165
Water Security Grand Challenge: Support from EPA’s State Revolving Fund Programs

June 10, 2020
Justin Mattingly
Howard Rubin
SRFs: Infrastructure Banks

51 state-level infrastructure “banks” that make loans for projects

- EPA: Federal and State Seed Money
- State Government: Bond Holders
- Clean Water State Revolving Fund: State Revolving Fund Programs
- Drinking Water Projects: Low-Cost Funding and Loan Repayments
- Water Quality Projects: Set-Aside Activities - DWSRF Only

State Revolving Fund Programs

Bond Proceeds and Repayments

Federal and State Seed Money

Set-Aside Activities - DWSRF Only

Bond Holders

51 state-level infrastructure “banks” that make loans for projects
How are the SRFs Structured?

- Federally and state funded (20% state match)
- State implemented and operated
- Flexibility in assistance provided
  - Different types of assistance (e.g., loans, refinancing, guarantees)
  - Loan terms (e.g., interest rate, repayment period)
  - Wide variety in eligible projects
Assistance Options for Projects

- At or below market interest rate loans that may not exceed 30 years or the useful life of the project
- Extended-term financing available in some cases
- Buy or refinance local debt
- Guarantee or purchase of insurance for local debt obligations
- Guarantee loans of “sub-state revolving funds”
- Additional subsidization can also be available

*Repayment starts 12 months after project completion for the CWSRF and 18 months for the DWSRF*
Since 2009, the CWSRF has been able to provide principal forgiveness, negative interest loans, or grants

- Primarily to help address affordability issues or to implement a project that addresses water or energy efficiency goals; mitigates stormwater runoff; or encourages sustainable project planning, design, and construction

- Historically, the DWSRF has been able to provide additional subsidization to disadvantaged borrowers. Since 2009, additional overlapping subsidy authorities have been added to the program.
Cost Savings of Below-Market Interest Rates

<table>
<thead>
<tr>
<th>Market Rate</th>
<th>SRF Rate</th>
<th>0.0%</th>
<th>1.0%</th>
<th>2.0%</th>
<th>3.0%</th>
<th>4.0%</th>
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<tbody>
<tr>
<td>4.0%</td>
<td>32%</td>
<td>25%</td>
<td>17%</td>
<td>9%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>5.0%</td>
<td>37%</td>
<td>31%</td>
<td>24%</td>
<td>16%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>6.0%</td>
<td>43%</td>
<td>36%</td>
<td>30%</td>
<td>23%</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>7.0%</td>
<td>47%</td>
<td>41%</td>
<td>35%</td>
<td>29%</td>
<td>22%</td>
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</table>

When the market rate is 7.0%, a 3.0% SRF loan for a $100,000 project is equal in savings to a $29,000 grant and a $71,000 loan at market rates.
Application Process

- The SRF programs are all operated by the States with oversight from EPA.
- States set their own priorities for projects as well as loan terms.
- In some cases applications are accepted on a rolling basis, but this may vary from state to state.
- All projects are ranked according to a State’s project priority ranking system based on unique state criteria.
- Precise interest rates and fees will vary by State.

Contact your State SRF program for more information.
CWSRF at a Glance

- Cumulative funding through 2019 over $138 billion
- Average loan size of just over $3 million
- Annual funding has averaged nearly $7 billion over the past 3 years
- Nearly $60 billion for projects serving populations greater than 100,000
- Nearly $133 billion for centralized wastewater treatment and conveyance projects
- National average interest rate for a CWSRF loan in 2019 was 1.5%
- Over $5.1 billion in additional subsidization to address affordability and fund innovative projects
Who is Eligible for the CWSRF?

Exact eligibility varies by state and project type

Communities

Private Entities

Nonprofit Organizations

Citizen Groups
CWSRF Program Eligibilities

- Centralized Wastewater Treatment
- Planning/Assessments and Monitoring
- Energy Generation and Conservation
- Landfills
- Water Reuse
- Water Conservation
- Habitat Protection and Restoration
- Stormwater
- Desalination
- Agricultural Best Management Practices
- Decentralized Wastewater Systems
- Groundwater Protection and Restoration
- Surface Water Protection and Restoration
- Resource Recovery
- Contaminated Sites
CWSRF Support for Water Reuse

- Wide variety of water reuse projects are eligible for funding covering many different source waters and end uses
  - Landscape Irrigation
  - Agricultural Irrigation
  - Potable Reuse
  - Stormwater Capture and Use
  - Onsite Non-Potable Reuse
  - Environmental Restoration
  - Industrial Reuse
  - Produced Water Reuse

- Decrease demand for traditional potable water sources
- Drought resilient source of water
- Reduction or elimination of wastewater discharges
Case Study: Pure Water Monterey

- 20 MGD potable reuse facility for groundwater injection
- Utilizes municipal wastewater, stormwater, agricultural drainage, and wash water from agricultural processing
- Increases local water supplies, prevents seawater intrusion, and reduces stormwater runoff
- $88 million CWSRF loan at 1% interest
- $15 million grant from California
Water Reuse Action Plan

Our goal is to issue a[n]...Action Plan that includes clear commitments and accountability for actions that will further water reuse and help [ensure] the sustainability, security, and resilience of the nation’s water resources. Water quantity, supply, and quality decision-makers have historically worked through independent management regimes. Addressing future water resource challenges will require more holistic thinking that embraces the ‘convergence of water’ through more integrated action.¹

–David Ross, Assistant Administrator for Water,
U.S. EPA

EPA is developing a Best Practices Guide for State CWSRF programs identifying success policies and practices to support water reuse
CWSRF Support for Renewable Energy and Energy Efficiency

- Renewable energy and energy efficiency projects can reduce energy costs and improve air and water quality
  - Installation of energy efficient equipment and components (e.g., lighting, HVAC, process equipment, and electronic systems at a POTW)
  - Onsite renewable energy (e.g., wind and solar)
  - Methane capture and energy conversion equipment

City of Fruitland (ID) Wastewater System Consolidation
$300,000 in annual savings from energy efficiency improvements
DWSRF at a Glance

- Cumulative funding through 2019 over $41 billion
- Average loan size of about $2.6 million
- Annual funding has averaged approximately $2.8 billion over the past 3 years
- Approximately $11.8 billion for projects serving populations greater than 100,000
- Approximately $32 billion for treatment and transmission & distribution
- National average interest rate for a DWSRF loan in 2019 was 1.6%
- The DWSRF has provided almost $3.5 billion is set-asides to support the “knowledge infrastructure” of the drinking water sector. This supports training, capacity development and other non-infrastructure support.
Who is Eligible for the DWSRF?

Exact eligibility varies by state and project type

Water Utilities
DWSRF Program Eligibilities

- Treatment
- Transmission & Distribution
- Source Water Protection
- Finished Water Storage
- System Consolidation
- Creation of New Systems
- Security Measures
- Desalination
- Water Meters
- Water Reuse
- Water Efficiency
- Energy Efficiency
- Lead Service Line Replacement
- Aquifer Storage and Recovery
- Backup Power Generators
- Water Rights*
DWSRF Program Ineligibilities

- **Growth** – A project can not be primarily for growth. A project can be sized for anticipated growth over its’ useful life. Inadequate supply is eligible.

- **Dams and Reservoirs** – This is a regulatory prohibition. Project specific deviations have been approved where there is a compelling public health threat.

- **Water Rights** – This is a regulatory prohibition. A class deviation has been approved for specific circumstances.

- **Fire Protection as the primary purpose** – A public health driven project can also improve fire protection.
DWSRF Support for Renewable Energy and Energy Efficiency

- Renewable energy and energy efficiency projects can reduce energy costs and improve air and water quality
  - Installation of energy efficient equipment and components (e.g., variable frequency drives on pumps, remote meter reading)
  - Energy audits
  - Pressure optimization studies
  - Onsite renewable energy (e.g., wind, solar, solar mixers, microhydro turbines)

City of Wilmington (DE) Porter Treatment Plant
$180,000 in annual savings from 2,288 ground-mounted solar panels that generate 650,000 kWh/year
DWSRF Support for Water Efficiency

- Water efficiency projects promote energy savings through reducing water use and pumping required
  - Leaking pipe replacement
  - Leak detection studies and equipment
  - Water loss audits
  - Installing water meters in previously unmetered areas
  - Conservation plans
  - Reclaimed water systems
  - Internal plant reuse (e.g., filter backwash recycling)
Thank You!

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Howard Rubin
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http://www.epa.gov/dwsrf
The purpose of our program:

§1780.2 **Purpose.**

Provide loan and grant funds for water and waste projects serving the most financially needy communities. Financial assistance should result in reasonable user costs for rural residents, rural businesses, and other rural users.
Water and Environmental Programs (WEP) Overview

Water and Waste Disposal Programs

- WEP finances water, sewer and solid waste utilities to provide affordable services to rural communities with populations of 10,000 or less. **WEP invested $1.79 billion in rural communities in FY 2019 to impact 2.3 million rural residents.**

- WEP can finance the acquisition, construction or improvement of:
  - Drinking water sourcing, treatment, storage and distribution
  - Sewer collection, transmission, treatment and disposal
  - Solid waste collection, disposal and closure
  - Storm water collection, conveyance and disposal

- WEP is administered in partnership with 47 State Offices and hundreds of field offices throughout rural America.

- WEP’s portfolio of loan and grant programs include direct loans and grants, loan guarantees, set aside grants and national grants that provide technical assistance.
Congressional and Other Set-Aside Funds for Special Programs and Populations

- Native American/Colonias
- Rural and Native Alaskan Villages
- Technical Assistance and Training Programs
- Solid Waste Management
- Household Water Well Systems
- Revolving Loan Funds
- Emergency Community Water Assistance Grants (ECWAG)
- Regional Economic Development (SECD and REAP)
- Special Evaluation Assistance for Rural Communities & Households (SEARCH)
- Predevelopment Planning Grants (PPG)
## FY 2020 Program Appropriated Budget

<table>
<thead>
<tr>
<th>WEP Programs</th>
<th>FY19 Approps</th>
<th>FY19 Obligations</th>
<th>FY20 Approps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular WEP Loans*</td>
<td>$1.45 billion</td>
<td>$1.10 billion</td>
<td>$1.45 billion</td>
</tr>
<tr>
<td>Regular WEP Grants</td>
<td>$460.9 million**</td>
<td>$525 million</td>
<td>$394.78 million</td>
</tr>
<tr>
<td>Other Grants***</td>
<td>$8.4 million</td>
<td>$8.3 million</td>
<td>$38.22 million</td>
</tr>
<tr>
<td>Technical Assistance****</td>
<td>$55.5 million</td>
<td>$56.8 million</td>
<td>$59.57 million</td>
</tr>
<tr>
<td>Special Initiatives*****</td>
<td>$68 million</td>
<td>$79.2 million</td>
<td>$68 million</td>
</tr>
<tr>
<td>Emergencies- ECWAG</td>
<td>$20.7 million</td>
<td>$13.7 million</td>
<td>$35 million</td>
</tr>
<tr>
<td><strong>TOTAL WEP PROGRAMS</strong></td>
<td><strong>$2.06 billion</strong></td>
<td><strong>$1.79 billion</strong></td>
<td><strong>$2.046 billion</strong></td>
</tr>
</tbody>
</table>

* Includes both Direct ($1.375b), SECD ($70mm direct; $5mm guaranteed) and Guaranteed Loans ($45mm).
** Includes the $75mm in FY19 General Provisions under Regular WEP Grants.
*** Includes PPG/SEARCH ($4mm), REAP ($4.436mm), SECD ($19.78mm) and High-Energy Cost Grants transfer to Electric ($10mm).
**** Includes HWWS ($5mm), RLP ($1mm), SWMG ($4mm), TAT ($30mm), and Circuit Rider ($19.57mm).
***** Includes Colonia ($25mm), Native American ($25mm), and RAVG ($18mm).
Competitive Interest Rates and Terms

- **Direct Loans (Adjusted Quarterly)**
  - Tiered Interest Rate: 1.375 - 2.375%
  - Term: Up to 40 years or maximum of state law

- **Guaranteed Loans**
  - Interest Rate: Negotiated between lender and borrower
  - Term: Negotiated between lender and borrower
USDA WEP Borrowers
FY 2009 - FY 2019
2,187 counties served in all 50 states and 4 territories

26,100,883 rural residents received new or improved water and waste disposal service

9,666,994 households and businesses benefited by improved service

Average annual household income of population served = $37,067

Rural communities served:
- 83% 5,000 or less population
- 69% 2,500 or less population
- 54% 1,500 or less population
- 44% 1,000 or less population

19.9 billion invested to build new or improved infrastructure
- 66% loan; 34% grant -- 24% leveraged with other funding sources ($4.8 billion)

$134 Million in Guaranteed Loans with private lenders

$288 million in technical assistance funds provided to rural communities
- 941,599 technical assistance visits
### Fiscal Year 2019 Program Performance Indicators & Other Results

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Population Served</td>
<td>2.312 million</td>
</tr>
<tr>
<td>New Connections Only</td>
<td>17,282</td>
</tr>
<tr>
<td>Miles of Line Repaired, Replaced, Installed</td>
<td>18,713</td>
</tr>
<tr>
<td>Projects Alleviating Health or Sanitary Issues</td>
<td>372 of 500 (74%)</td>
</tr>
<tr>
<td>Leveraged Non-Federal Dollars (%)</td>
<td>$291,479,351</td>
</tr>
<tr>
<td>Leveraging Federal Funds (%)</td>
<td>$67,828,014</td>
</tr>
<tr>
<td>Total Federal and Non-Federal Leveraged Funds (%)</td>
<td>$359,307,365</td>
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</table>

**NOTE:** WEP has no restrictions on whether WEP grants can be used as match for other Federal Grant Programs. However, WEP grants are limited to statutory authority or a determination of financial need, whichever is less.

**CONACT, Section 306 (16)** states: Grants under paragraph (2) of this subsection may be used to pay the local share requirements of another Federal grant-in-aid program to the extent permitted under law providing for such grant-in-aid program. Federal funds include EPA, HUD, IHS, etc.
Questions?

Contact Information

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Program Operations Branch Chief
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Telephone: 202-604-1664
WaterSMART
Title XVI Water Reclamation and Reuse Program

Amanda Erath
Water Resources and Planning Office
WaterSMART Program

Provides a framework for Interior to support water supply reliability for multiple water users.
Title XVI

*Water Reclamation and Reuse Projects*

- Grant funding for projects that reclaim and reuse:
  - municipal, industrial, and/or agricultural wastewater; or
  - impaired ground and surface waters

- Example Projects
  - Municipal wastewater reuse for agricultural, industrial, environmental, or landscape use
  - Indirect potable reuse through aquifer recharge
  - Treatment of impaired groundwater for potable use
  - Direct potable reuse of municipal wastewater

- FY 2020 appropriations for the program are $63.6 million
Two Types of Eligible Projects

1. Congressionally Authorized Projects
   • Specifically authorized by Congress

2. WIIN Act Projects
   • WIIN Act included amendments to the Title XVI Program to allow new projects to compete for funding
Competitive Process

• Funding Opportunity Announcements posted to www.grants.gov

• Funding available for planning, design, and/or construction

• Proposals reviewed by an Application Review Committee and scored against evaluation criteria
Title XVI Program Requirements

- Maximum federal cost share – 25%
  - Can request up to 25% of the cost of work that will be completed over the next two years under the annual FOA
  - Can reapply each year until federal share reaches 25% of total project cost, up to $20 million
- Must be located in Reclamation states/territories or in Hawaii
- Pre-award costs are allowed
- NEPA must be complete prior to the commencement of ground disturbing activities
WIIN Act Desalination Projects

- Annual funding for planning, design, and construction of ocean or brackish water desalination projects
- Maximum federal cost share – 25% up to $20 million
- Must be located in Reclamation states or territories
- Pre-award costs are allowed back to the enactment of the WIIN Act (December 2016)
- NEPA must be complete prior to the commencement of ground disturbing activities
WaterSMART Data Visualization Tool

- Data Visualization Tool is an interactive website with program information including:
  - Interactive maps
  - Featured project tours
  - Program growth over time

https://www.usbr.gov/watersmart/
Thank you.

Amanda Erath
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Loan Programs Office Overview

Partnering with borrowers to provide access to capital, flexible financing, and project expertise

Presenter: Michael C. Reed
Chief Engineer
Loan Programs Office
June 10, 2020
Our Mission:

FINANCING A CLEAN ENERGY ECONOMY

- To accelerate the domestic commercial deployment of innovative and advanced clean energy technologies at a scale sufficient to contribute meaningfully to the achievement of our national clean energy objectives – including job creation; reducing dependency on foreign oil; improving our environmental legacy; and enhancing American competitiveness in the global economy of the 21st century.
- LPO executes this mission by guaranteeing loans to eligible clean energy projects

ECONOMIC GROWTH, JOB CREATION & MORE CLEAN ENERGY SOURCES

- Specifically, LPO endeavors to:
  - Encourage commercial- and utility-scale development and adoption of new or significantly improved energy technologies;
  - Fund innovative technologies that reduce greenhouse gas emissions;
  - Create jobs by financing the growth of commercial clean energy technologies;
  - Protect U.S. taxpayers by only making loans or issuing loan guarantees if we believe there is a reasonable prospect of repayment.
Experience Catalyzing New Markets

OVER 30 PROJECTS IN 18 STATES & OVER $30 BILLION INVESTED

Project Portfolio
Technologies Include:

- Advanced Technology Vehicles Manufacturing
- Advanced Nuclear Energy
- Bioenergy & Biofuels
- Concentrating Solar Power
- Geothermal Power
- Photovoltaic Solar
- Storage & Transmission
- Wind Energy

Project portfolio details at:
ENERGY.GOV/LPO/PORTFOLIO
Loan Programs History of Success
A TRACK RECORD OF CATALYZING NEW MARKET DEVELOPMENT

⚡ First 5 U.S. photovoltaic solar power projects larger than 100 MW.
⚡ First new advanced nuclear reactors to begin construction in U.S. in 30 years.
⚡ 4 onshore wind energy farms, including one of the world's largest.
⚡ World's largest concentrating solar power (CSP) plant.
⚡ Revitalized geothermal power with projects in Nevada & Oregon.
⚡ Conditional commitment for world’s first methanol production facility to employ carbon capture technology in Louisiana. The captured carbon would be utilized for enhanced oil recovery (EOR) in Texas.
⚡ Domestic advanced auto manufacturing facilities in 8 states.
LPO: A Valued Strategic Partner

THREE DISTINCT LOAN PROGRAMS, SAME VALUE FOR BORROWERS

- LPO can provide first-of-a-kind projects and other high-impact energy-related ventures with access to debt capital that private lenders cannot or will not provide.

- LPO can provide flexible, custom financing that helps to meet the specific needs of individual borrowers.

- LPO encourages early engagement and is a valuable partner to applicants throughout the entire lifetime of a project.
Financing Energy Infrastructure

NOW AVAILABLE: MORE THAN $40 BILLION IN LOAN & LOAN GUARANTEE AUTHORITY

TITLE 17 INNOVATIVE ENERGY LOAN GUARANTEE PROGRAM

- ADVANCED FOSSIL ENERGY
  - $8.5 Billion
  - ($2 Billion conditionally committed to Lake Charles Methanol)

- ADVANCED NUCLEAR ENERGY
  - $8.8 Billion
  - ($2 Billion specifically for Front End)

- RENEWABLE ENERGY & EFFICIENT ENERGY
  - Up to $4.5 Billion

TRIBAL ENERGY LOAN GUARANTEE PROGRAM

- Up to $2 Billion
  - In Partial Loan Guarantees

- All-of-the-above energy projects benefiting tribal economies

ADVANCED TECHNOLOGY VEHICLES MANUFACTURING LOAN PROGRAM

- $17.7 Billion
- Domestic manufacturing of light-duty vehicles & eligible components
Title 17 Innovative Energy Loan Guarantee Program

ELIGIBILITY REQUIREMENTS

☑️ **Innovative Technology**
Eligible projects must utilize new or significantly improved technology or systems.

☑️ **Greenhouse Gas Benefits**
Eligible projects must reduce, avoid, or sequester greenhouse gases.

☑️ **Located in the U.S.**
Eligible projects must be located in the United States but may be foreign-owned.

☑️ **Reasonable Prospect of Repayment**
Eligible projects must be able to repay loan principal and interest. LPO conducts due diligence and underwrites each loan similar to a commercial lender. The source of repayment can not be another federal entity.
Opportunities for Financing Water Infrastructure Projects Include (but not limited to):

- **New Hydropower Development**
  - Traditional Hydropower
  - Powering Non-powered dams, locks and canals
  - Pumped Storage Hydropower
  - Hydrokinetics

- **Hydropower/PSH Relicensing, upgrades and uprates**
  - These represent critical energy infrastructure assets
  - Relicensing costs can run upwards of $50M and can take a decade to realize
  - FERC oversees licensing of 1,600 nonfederal hydropower projects.

- **Desalination Projects**
  - Large-scale desal projects (50 MGPD) require investments of up to $1B
  - Eligible project components include the desalination plant, pumping station, product water storage and water conveyance pipeline.

- **Water Treatment Facilities**
  - Projects that conserve/recover/generate energy
Tribal Energy Loan Guarantee Program

**Key Eligibility Requirement**
- Tribe or 100% tribally-owned entity is the borrower.

**No Restriction on Type of Project/Technology**
- Provide or expand electricity or other energy services such as generation, transmission, energy storage projects, or enhance energy resource extraction or processing (e.g. mining, oil & gas, biofuels, chemicals).

**No Requirement for Innovation**
- Projects employing commercial technology preferred & may use renewable or fossil energy sources.

**No Specific Location Requirement**
- On tribal land, traversing or connecting tribal land and nontribal land, or outside of tribal land, but otherwise benefiting the tribe. Can involve a single site or distributed portfolio.

Program details at:
ENERGY.GOV/LPO/TELGP

- Qualifying projects are not limited to these technologies -
LPO Application Process

✔️ **Pre-Application Consultation**
  - Begin conversation directly with LPO staff about the project and LPO’s process

✔️ **Application Part I ($50k Fee)**
  - Determine basic eligibility
  - Pay application fee (not applicable to ATVM)
  - DOE aims to complete Part I review within 30 days
  - Eligible applicants invited to submit Part II application

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<th>Part I Deadlines</th>
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- Deadlines for Title 17 & TELGP have been extended to January 2022
- ATVM applications accepted on a rolling basis

✔️ **Application Part II ($100k / $350k Fee based on Loan Amount)**
  - Evaluate creditworthiness, technical relevance & merit, technical approach, work plan, and construction plan, and legal, environmental & regulatory factors
  - Balance of application fee
  - Eligible applicants are invited into due diligence...other Diligence fees to be borne by the Applicant
**Title 17 Innovative Energy Loan Guarantee Program**

**FINANCIAL TERMS**

- **Loan Guarantee**
  A loan guarantee can support debt from a commercial lender or the U.S. Treasury.

- **Loan Tenor**
  Long-term financing is available based on the useful life of the asset – up to 30 years.

- **Interest Rates**
  Interest rates set based on equivalent U.S. Treasury rate plus a credit-based spread (-0.5% to -1.5%)

- **Equity**
  LPO can only guarantee up to 80% of the total project cost. Most projects have at least 35% equity.

- **Co-Lending**
  Co-lending with commercial lenders is encouraged but not required.
LPO is required to collect several fees from Title XVII loan program applicants. Please note that the exact amount of fees will vary with each solicitation. To obtain more detailed information about fees, please refer to the solicitations. In addition, each applicant is responsible for paying the fees and expenses incurred by the Department’s independent consultants and outside legal counsel in connection with such applicant’s project.

**APPLICATION FEE:** The application fee must be paid at the time an application is submitted. This fee covers the costs associated with the Department’s financial and technical reviews to determine which projects will be selected for due diligence.

**FACILITY FEE:** The facility fee covers the Department’s administrative costs incurred in connection with considering whether to issue a loan guarantee and to issue such loan guarantee, including expenses such as those incurred in connection with due diligence, negotiation and documentation. This fee is typically paid in part at conditional commitment, with the balance due upon issuance of the loan guarantee.

**MAINTENANCE FEE:** The annual maintenance fee covers the Department’s administrative expenses, other than extraordinary expenses, in servicing and monitoring the loan guarantee during the lift of the loan. The fee is paid each year in advance, commencing with payment of a pro-rated annual payment on the closing date of the loan guarantee.

**CREDIT SUBSIDY COST**

- The credit subsidy cost is the net present value of the estimated long-term cost to the U.S. government of a loan guarantee as determined under the applicable provisions of the Federal Credit Reform Act of 1990, as amended (FCRA). Section 1702(b) of Title XVII provides that no guarantee shall be made unless:
  - (1) An appropriation for the cost of the guarantee has been made,
  - (2) The Secretary has received from the applicant a payment in full for the cost of the guarantee and deposited the payment into the Treasury, or
  - (3) A combination of one or more appropriations under (1) and one or more payments from the applicant under (2) has been made that is sufficient to cover the cost of the guarantee.

Learn more about the [credit-based interest rate spread for Title XVII](#).
Potential Applicants

- Potential applicants are encouraged to contact DOE staff to request a pre-application consultation to learn more about our process and requirements.

For Questions or to Request a Pre-Application Consultation

- lpo@hq.doe.gov or 202-586-8336

Learn More

- Visit our website: energy.gov/lpo

- Renewable Energy and Efficient Energy Projects:
  https://www.energy.gov/lpo/services/solicitations/renewable-energy-efficient-energy-projects-solicitation
### Contact Information

#### Water Security Grand Challenge

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https://www.energy.gov/eere/water-security-grand-challenge