Lending Reference Guide

Innovative Clean Energy Projects

Loan Programs Office

LPO Role

- Provides 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

Amounts do not reflect conditional commitments

- **Innovative Clean Energy** – $3.0 billion available
- **Innovative Clean Energy: Fossil** – $8.5 billion available
- **Innovative Clean Energy: Nuclear** – $10.9 billion available, including $2.0 billion for front end

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 or air pollutants 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 • Leverage 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 a base interest rate (U.S. Treasury equivalent yield curve) plus a spread, typically ranging from 37.5 to 200 basis points • If the spread is insufficient to cover the loan's provision expense, then an additional upfront fee (**Credit Subsidy Cost**) may be due • Partial guarantee pricing includes upfront fee and interest rate negotiated among LPO, commercial lender(s), and borrower, plus an additional risk-based charge based on a credit premium, typically ranging from 0 to 162.5 basis points
Cost & Fees	• Upon financial closing, the following fees will be due: • **Facility Fee:** Covers the underwriting process following Part I and Part II applications – 1% for portion of the principal amount of the Guaranteed Obligation less than or equal to $150 million and 0.6% for portion of the amount over $150 million • **Third-Party Consultants Fee:** Reimburses LPO for costs of third-party consultants engaged by LPO during the due diligence phase, including external counsel, independent engineers, and market and financial advisors • **Monitoring Fee:** based upon size/complexity/stage of project, payable annually (in advance) beginning at closing until loan maturity
Application & Underwriting Process	• Pre-application consultations and review of online **Suggestions for a Strong Application** are encouraged • Application components and instructions described in relevant solicitation • Part I review by LPO to determine technical eligibility (innovation & emissions calculation). Part II review by LPO to evaluate project viability, creditworthiness, and readiness for diligence 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 negotiating 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 2022, subject to change