

April 05, 2012

NAME
TITLE
COMPANY
ADDRESS
CITY, STATE, ZIP

RE: PROJECT NAME

Dear NAME:

Thank you for your ongoing interest in the Title XVII loan guarantee program. I am writing to advise you of the process and criteria we expect to use to allocate the remaining renewable loan guarantee resources under this program.

As you are most likely aware, Congress has appropriated \$170 million for credit subsidy costs under Section 1703. This appropriated credit subsidy may be used for loan guarantees for renewable energy and efficient end use energy technologies. Such projects that have already applied for loan guarantees under either Section 1703 or Section 1705 are eligible to be considered for this funding. In addition, Congress has provided separate loan guarantee authority of \$1.5 billion for such projects, provided the project sponsor pays the associated credit subsidy cost.

Under the Consolidated Appropriations Act of 2012, Congress provided that DOE may combine an appropriation of credit subsidy with a direct payment from the borrower to cover the total cost of a loan guarantee, allowing DOE to distribute the appropriated credit subsidy across a broader array of projects and technologies.

Given these limited resources, it is very likely that we will not be able to support all of those projects interested in obtaining a Section 1703 loan guarantee. As such, DOE intends to limit the maximum amount of appropriated credit subsidy that will be made available to any single qualified project. Any required credit subsidy costs that are not funded by appropriated credit subsidy must be paid by the borrower in full at closing.

To ensure stewardship of taxpayer funds, while making the best use of limited resources, DOE intends to use the following initial screening criteria to identify appropriate projects:

1. Innovativeness: Consistent with Congress's mandate for the Section 1703 program, the LPO will prioritize those projects that "employ new or significantly improved technologies as compared to commercial technologies in service in the United States at the time the guarantee is issued" (42 USC 16513); and
2. Project readiness: To ensure the fair and expeditious use of limited taxpayer funds, DOE intends to identify projects that are positioned to move efficiently and

prudently through the conditional commitment approval process and financial closing; and

3. No disqualifying federal support: DOE is not able to issue loan guarantees to projects that will benefit from certain other forms of federal support, including some grants and federal off-take arrangements, but not including otherwise allowable federal income tax benefits. If you have questions about your project's ability to meet this criteria, I encourage you to speak with the Senior Investment Officer assigned to your project; and

4. Additionality: To ensure the prudent use of limited taxpayer funds, DOE will consider whether a project could be expected to be fully financed without a federal loan guarantee (such as a project that has already progressed significantly through construction).

The projects that pass the initial screening will then be evaluated relative to one another based on certain prioritization criteria, including the potential for commercial replication of technology, support for manufacturing supply chains (including technologies that enhance efficiency of U.S. manufacturing operations and exports), and the ability of the project to support direct job creation. In line with Congress's clear direction to issue loan guarantees only for projects that "avoid, reduce, or sequester air pollutants or anthropogenic emissions of greenhouse gases" (42 USC 16513), projects will also be evaluated based on their contribution to cost-effective reduction or avoidance of greenhouse gas emissions. DOE will post further information regarding these prioritization criteria on the Loan Programs Office website in early May, 2012.

Although the criteria described above will help to identify promising projects, DOE's paramount responsibility remains its role as a steward of taxpayer funds. Projects identified under the foregoing criteria will have to undergo DOE's rigorous due diligence and loan underwriting review prior to issuance of any loan guarantee. DOE will work with each applicant to move through the underwriting process as expeditiously as possible. Please be advised that regardless of your project's characteristics with respect to the screening and/or prioritization criteria, there can, of course, be no assurance that we will be able to consider your project for a conditional commitment, that appropriated funds will be available for your project, or that it will ultimately receive a conditional commitment or loan guarantee.

If you believe that your project is a strong candidate under the foregoing criteria, and you wish to be considered for a Section 1703 loan guarantee, please notify Morgan Wright electronically at Morgan.Wright@hq.doe.gov or in writing no later than April 27, 2012.

If we do not hear from you by April 27, 2012, we will assume that you do not wish to be considered under Section 1703 at this time. Unless you affirmatively withdraw your application, however, we will continue to consider it on hold. If, in the future,

the Loan Programs Office has sufficient budget resources, we would be pleased to continue our evaluation of your project. We must caution you, however, that there is no assurance that we will ever be in a position to continue our evaluation of your project or of the terms on which we would be able to do so.

We wish you great success with your project.

Sincerely,

David G. Frantz
Acting Executive Director
Loan Programs Office