



Department of Energy

Washington, DC 20585

April 2, 2014

Ms. Ann Wilson
Senior Vice President, Government Affairs
Motor & Equipment Manufacturers Association ("MEMA")
1030 15th Street, NW, Suite 500 East
Washington, DC 20005

Dear Ms. Wilson:

Thank you for your letter to Secretary Moniz regarding the Department of Energy's (DOE) Advanced Technology Vehicles Manufacturing Loan Program ("ATVM Loan Program"). We appreciate your continuing interest in the ATVM Loan Program.

Created with strong bipartisan support and established under Section 136 of the Energy Independence and Security Act of 2007, the ATVM Loan Program is helping to accelerate the development and deployment of fuel-efficient advanced technology vehicles and components. The program has become an effective tool for promoting America's leadership in fuel efficient vehicle manufacturing and has provided approximately \$8.4 billion in financing for projects with total project costs of over \$14 billion. According to borrower's estimates, ATVM loans have supported approximately 35,000 direct jobs across eight states, including California, Illinois, Michigan, Missouri, Ohio, Kentucky, New York and Tennessee.

As the American automotive industry has returned to profitability, U.S. automotive suppliers have contributed to this success. As noted in your letter, motor vehicle parts manufacturers play a significant role in the development and deployment of new technologies and are one of the nation's largest direct manufacturing employers with over 734,000 employees in 50 states.

Because of the critical role of suppliers in the automotive industry, the ATVM Loan Program has made a concerted effort to refresh lines of communication between the program and suppliers. We engaged in an open dialogue about the program, its structure, the availability of funds, and the application process. In addition to reviewing the comments and suggestions provided by MEMA, we also took significant steps to better understand the current state and needs of suppliers, including participation in industry events and conversations with automotive component firms who have requested more information about the program. Through these interactions, we improved our understanding of the component market and the industry's knowledge and perceptions of the program.



While the economics of the automotive sector have improved, our conversations with suppliers highlight strong sector growth that is leading to capacity constraints and demand for expansion capital. With federal requirements increasing the nation's automobile fuel efficiency standards to 54.5 miles per gallon in 2025, we recognize the need for suppliers to accelerate investment in the manufacture of key fuel efficiency technologies. As a result, we believe the ATVM Loan Program can play an important financing role with automotive suppliers as the industry establishes the next generation of manufacturing facilities in the United States.

Based in part from feedback from MEMA members, automotive leaders, and industry organizations, the Department has taken steps to improve the ATVM Loan Program:

- **Clarified Eligibility For Component Suppliers.** We have clarified that a broad range of automotive component technologies are eligible for the program. These fuel-efficient technologies may include, but are not limited to, advanced engines and powertrains, light-weighting materials, advanced electronics, and fuel-efficient tires.
- **Improved Responsiveness to Applicants.** We have updated our program description to describe the application process, eligibility requirements, and the program's mission and goals.¹ We also offer pre-application consultations with potential applicants to promote an open and transparent exchange of information about the program, its eligibility requirements, and loan terms.²
- **Revised the Application Process.** We recognize the need for timely processing of applications and a clear understanding of the types of information required during due diligence. We launched an online application portal (<https://apply.loanprograms.energy.gov/>) to facilitate and improve the ease of the application process.

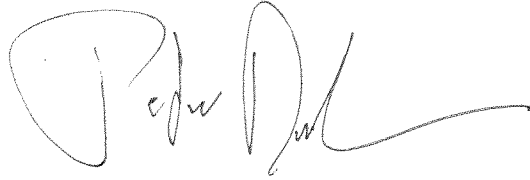
With these changes in place, the ATVM Loan Program remains open to suppliers. We appreciate MEMA's engagement, your comments and suggested steps to improve the program's attractiveness, accessibility, and suitability for the automotive supplier market. We invite you and your members to meet with us at your convenience to discuss your questions and suggestions for the program outlined in your letter.

¹ For more information, please visit <http://lpo.energy.gov/programs/atvm/>

² Pre-application consultations may be scheduled by email (atvmloan@hq.doe.gov) or phone (202-586-8146)

Nearly five years ago, the American automotive industry was on the brink of collapse. Now, the industry has rebounded in ways that few thought possible. Plants are hiring, manufacturers are returning to profitability, and exports of U.S. vehicles are increasing. DOE and the ATVM Loan Program are committed to ensuring that this resurgence continues.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Davidson", with a long horizontal flourish extending to the right.

Peter W. Davidson
Executive Director
Loan Programs Office
U.S. Department of Energy