

THIRD SUPPLEMENT TO LOAN GUARANTEE SOLICITATION ANNOUNCEMENT

FEDERAL LOAN GUARANTEES FOR ADVANCED FOSSIL ENERGY PROJECTS

Solicitation Number: DE-SOL-0006303

OMB Control Number: 1910-5134; OMB Expiration Date 11/30/2016

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The above-referenced Loan Guarantee Solicitation Announcement (the “Solicitation”) is supplemented as set forth below (capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in the Solicitation).

The following is inserted as the first illustrative example in the final paragraph of Section IIB:

sensors and controls to improve operations efficiency,

The following is inserted at the end of Section IIC “Scope of Solicitation”:

A project that uses advanced fossil energy technology is a project: (a) that uses fossil energy to produce electricity, fuels or chemicals, or any combination thereof; (b) whereby the fossil energy inputs are either (i) a majority of total energy feedstocks¹ or (ii) technologically necessary to the operation of the innovative technology in more than de minimus amount. For projects that capture and store carbon produced by existing or proposed facilities, LPO would look to the fossil energy inputs into such existing or proposed facilities to apply this test.

A project’s efficiency is determined as follows:

For power generation projects, generally, to be considered efficient, the project must generate more power from the same amount of energy (including feedstock and process energy), as compared to current commercial processes in the U.S. For certain kinds of projects, such as waste-to-energy projects and cogeneration projects, the LPO may compare the efficiency of the proposed technology more specifically than by reference to U.S. generation technologies more generally.²

For transmission or distribution projects, to be considered efficient, the project must have lower electricity losses over an equivalent distance, as compared to current commercial processes in the U.S.

¹ Note that this excludes process energy for the feedstock test. Thus fossil-dependent upfront and other processes will not exclude a project from eligibility as a Renewable Energy Project (and *vice versa*) assuming they do not cause ineligibility through GHG lifecycle analysis.

² Note: This statement provides LPO the flexibility where LPO deems it appropriate to consider other baselines for the assessment of the energy efficiency of a project. An example is a hypothetical project that employs an innovative technology to generate electricity from medical waste instead of just incinerating it for disposal. Even if that project reduces greenhouse gases versus conventional incineration, it might produce electricity less efficiently than the grid. This statement is proposed to be included in the guidance to make clear that LPO could (but is not required to) consider efficiency versus conventional incineration instead of conventional generation, or some other baseline, to evaluate the improved efficiency of the project.

Efficient electrical generation, transmission, or distribution projects are not required to use any particular feedstock or feedstock mix.

For projects that use end-use technologies, to be considered efficient, the project must consume less total energy in its energy conversion process for the production of fuels, chemicals or other end-products, as compared to current commercial processes in the U.S.

Energy efficiency projects include infrastructure projects that enable efficiency (e.g. Sensors, controls, etc.) related to such projects.

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