

Advanced Fossil Energy Loan Guarantees



U.S. DEPARTMENT OF ENERGY

**LOAN
PROGRAMS
OFFICE**

Under the Title 17 Innovative Energy Loan Guarantee Program, **LPO can help finance projects that bring innovative fossil energy technology to commercial scale with \$8.5 billion of available loan guarantees.**

TECHNOLOGY AREAS

Projects employing advanced fossil energy technologies in one or more of the following broad technology categories may be eligible:

- **Advanced Resource Development** (including but not limited to coal-bed methane recovery and novel oil and gas drilling)
- **Low Carbon Power Systems** (including but not limited to chemical looping or processes that isolate fuel from air during combustion, and fuel cells that convert chemical energy into electricity without combustion)
- **Carbon Capture** (including but not limited to CO₂ capture from traditional coal or natural gas electricity generation, and permanent geologic storage or use in enhanced oil recovery)
- **Efficiency Improvements** (including but not limited to combined heat and power and industrial waste recovery. High-efficiency distributed fossil power systems and microgrids)

LPO has issued guidance on the kinds of Distributed Energy Projects and Electric Vehicle and Alternative Fuel Vehicle Charging Infrastructure projects it can support.

ABOUT LPO:

The Department of Energy's Loan Programs Office (LPO) finances large-scale, all-of-the-above energy infrastructure projects in the United States. LPO's in-house team has decades of financial, technical, legal, and environmental experience and works closely with industry to bridge gaps in the commercial debt market when innovative technologies or unfamiliar borrowers may not be well understood by the private sector.

With more than \$40 billion of loans and loan guarantees available, LPO can provide access to debt not typically available in the commercial sector. To date, LPO has approved more than \$30 billion of loans and loan guarantees for more than 30 projects and has a proven track record that includes transforming existing energy infrastructure, reviving nuclear construction, accelerating growth of utility-scale solar and wind, expanding domestic manufacturing of electric vehicles, and improving the lives of all Americans by catalyzing new energy technology and creating jobs.

TEAM OF EXPERTS

LPO's in-house team of financial, technical, legal and environmental experts has the specialized experience with innovative technologies and first-of-a-kind projects that enables LPO to finance projects where other lenders may be deterred.

Over the past decade, LPO financing has helped companies overcome hurdles to obtaining debt for projects that bring technology from demonstration to commercialization. These deals have included a variety of structures, including corporate loans, project finance, and co-lending, with loan sizes from tens of millions to multi-billions. LPO's loan guarantees have helped catalyze commercial debt provider's entry and expansion into new areas.

ELIGIBILITY REQUIREMENTS

Under this solicitation, a project must meet four requirements to be eligible to be considered for a loan guarantee:

- 1 Innovative Technology
- 2 Greenhouse Gas Benefits
- 3 Located in the U.S.
- 4 Reasonable Prospect of Repayment

STEPS FOR WORKING WITH LPO

- 1 Contact LPO for a no-fee, pre-application consultation
- 2 Submit a Part I application to LPO to determine basic eligibility
- 3 Submit a more thorough Part II application to determine viability
- 4 Enter due diligence and negotiate term sheet
- 5 Receive a conditional commitment offer
- 6 Negotiate and execute loan documents
- 7 LPO monitors construction and operation throughout the life of the loan

The applicant is required to pay various fees and costs during this process, including application fees and additional fees assessed at conditional commitment and closing, as well as DOE's third-party costs, including the fees of DOE's outside advisors.



CASE STUDY

LPO has offered a conditional commitment to guarantee loans of up to \$2 billion for Lake Charles Methanol to construct the world's first methanol production facility that employs carbon capture technology. This facility in Louisiana will be the first petcoke-to-methanol facility in the U.S. The carbon that is captured will be used for enhanced oil recovery in Texas.

Photos courtesy of Lake Charles Methanol