



# 2009 ARRA IMPLEMENTATION UPDATE

DEPARTMENT OF ENERGY



RECOVERY.GOV

August 10, 2009



## Four instructions from Secretary Chu

**Move the Funding to Projects Quickly**

**Invest in Projects that Provide Enduring Value**

**Deliver With Unprecedented Transparency and  
Accountability**



**Make a Down payment on the Nation's  
Energy & Environmental Future**



# DOE American Recovery and Reinvestment Act Plan Overview

## 1 Significant Commitment to Energy Efficiency and Innovation

- \$38.7B in Budget Authority under the Recovery Act
  - \$32.7B in Recovery Act grants and programs
  - \$6B to underwrite up to \$60B in new loan guarantees
    - On Top of \$76B in existing loan authority
  - \$6.5B in Power Marketing Administration borrowing authority

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## 2 Since passage of the Recovery Act, we have:

- Apportioned \$32.5 billion out of \$32.7 billion in grant and contract authority and obligated \$7.9 billion
- Issued the three first conditional loan guarantees under Title XVII (Solyndra, Beacon and Nordic)
- Collected the first 8 major grant applications (weatherization, State Energy Program, Transport Electrification, Batteries, Clean Cities and Advanced Research Projects Agency-Energy, Biorefineries, & Geothermal)
- Established inter-departmental agreements with HUD, Labor and Ed, Interior and FERC, and HUD and HHS
- Established call center to respond to constituent questions at 1-888-DOE-RCVY
- Put risk mitigation plans in place
- Developed an integrated plan to guide implementation through September 30, 2011

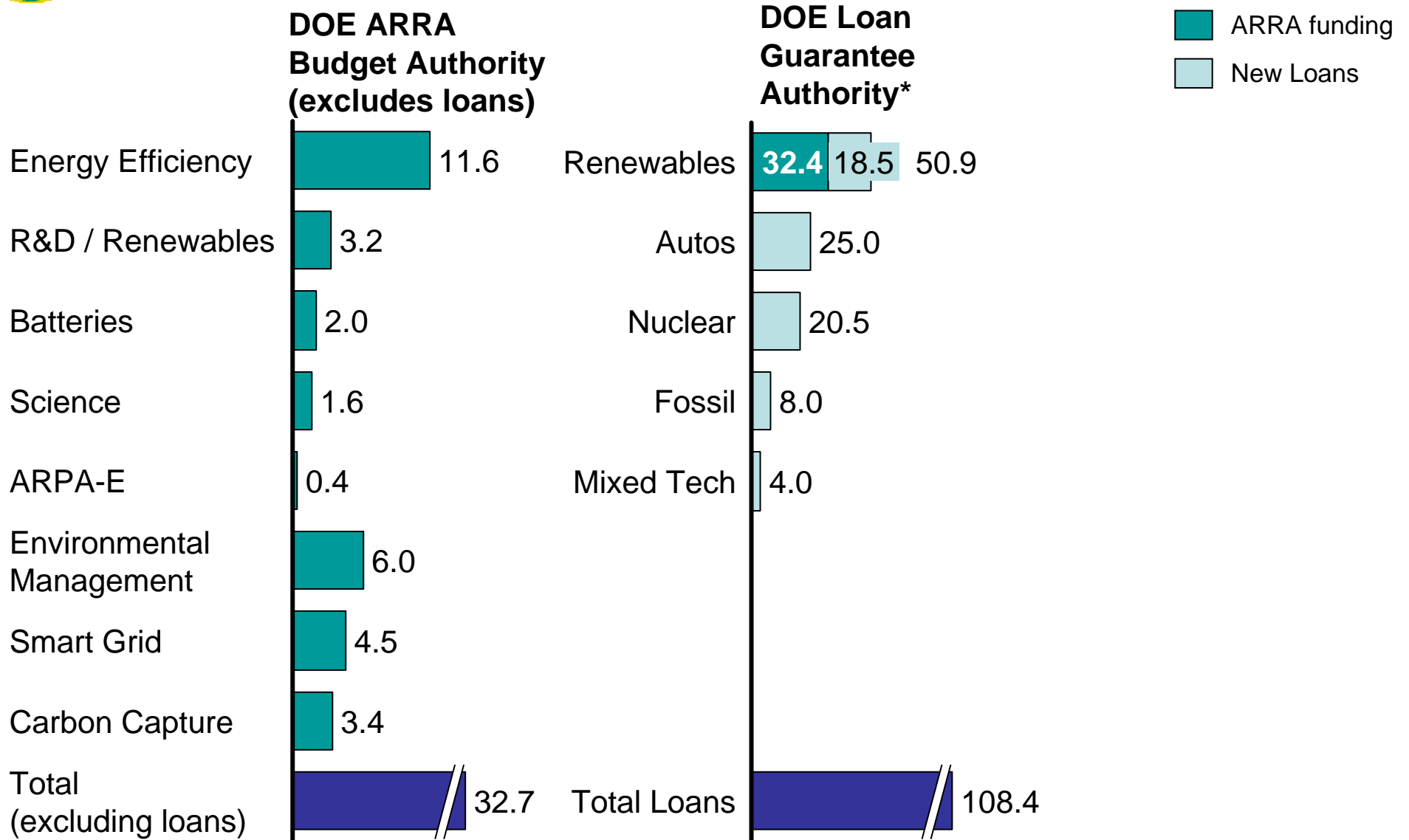
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## 3 Moving forward, we are focused on:

- Setting up the next major round of awards
  - **August:** Energy Efficiency Conservation Block Grants (EECBG); Batteries, Transport electrification, biorefineries renewable loan guarantees
  - **September/October:** EECBG, Batteries, transport electrification, Smart Grid grants; Industrial Carbon Capture and Storage; renewable loan guarantees
- Setting up 1500 peer reviewers and focusing on targeting quality of reviewer pool
- Working with CEA and EIA on economic return measures



# DOE is using multiple vehicles to support goals





# Selected Announcements



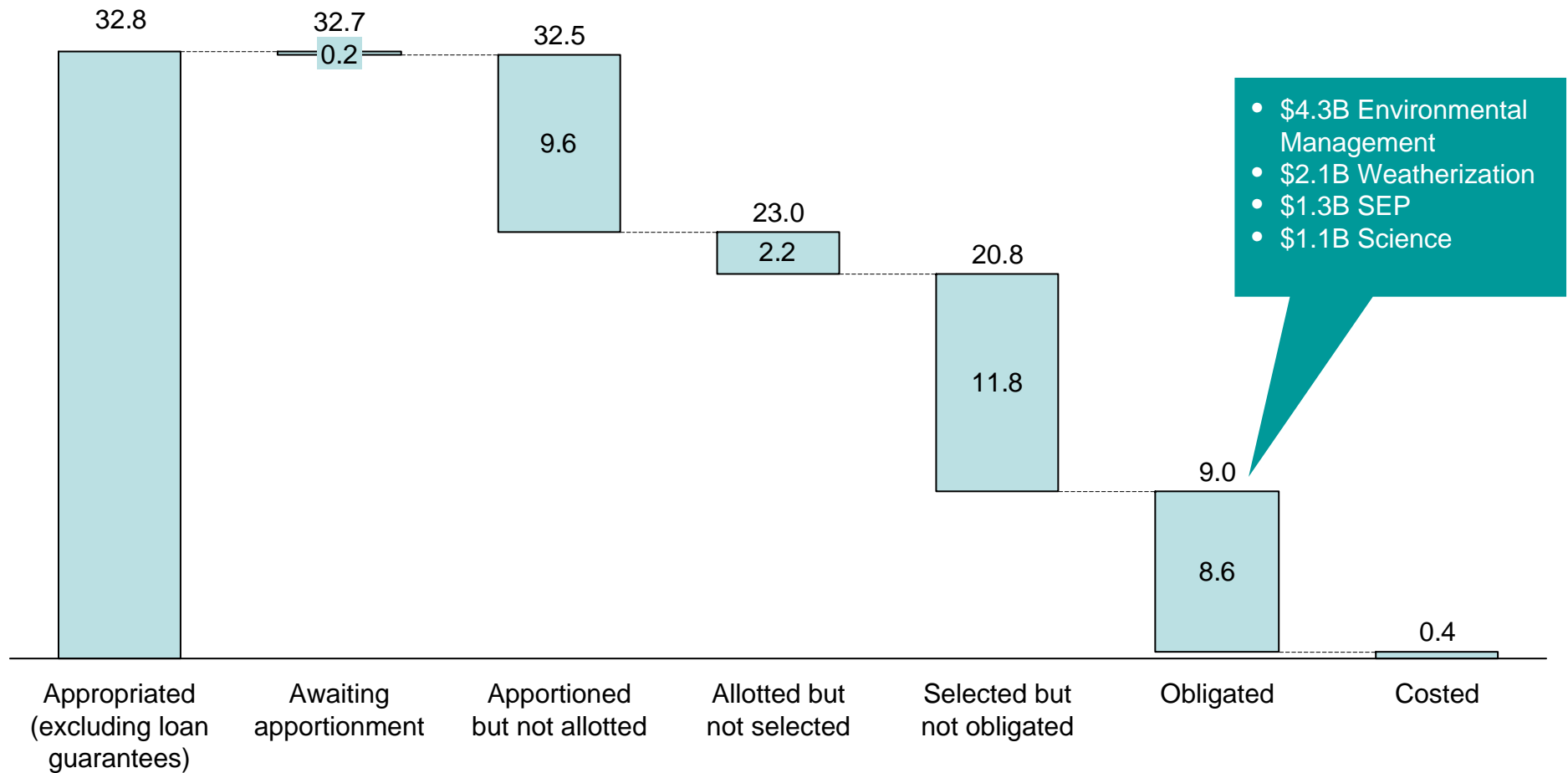
Announcement	Amount \$, Billions	Date of Announcement	Description
Weatherization and State Energy Block Grants	• 8.1	• 3/12	• VP Biden announced \$8.1B in weatherization and state energy block grants
Batteries and Transport Electrification	• 2.4	• 3/19	• President Obama announced \$2.4B in batteries and transport electrification at SoCal Edison
Solyndra Loan Guarantee	• .535	• 3/20	• Secretary Chu announced first conditional loan guarantee
Science	• 1.2	• 3/23	• Secretary Chu announced \$1.2B in Science at Brookhaven
Energy Efficiency Conservation Block Grants	• 3.2	• 3/26	• VP Biden and Secretary Chu announced \$3.2B in energy efficiency community block grants in Pittsburgh
Environmental Mgmt	• 6.0	• 3/31	• Secretary Chu announced EM funding
Fuel Cells	• 0.043	• 4/15	• Press release announcement
Smart Grid	• 4.1	• 4/16	• VP Biden announced funding for Smart Grid in Jefferson City, Missouri (\$4.1 announced)
Clean Cities Program	• 0.3	• 4/22	• VP Biden announced Clean Cities funding in Maryland on Earth Day
ARPA-E	• 0.4	• 4/27	• President Obama announced ARPA-E funding at the National Academy of Sciences (FOA - \$200M)
Wind and Facilities	• 0.2	• 4/29	• Secretary Chu announced in Colorado
Biofuels	• 0.8	• 5/5	• Secretary Chu announced in Washington, DC with VP Biden
Wind Test Blade Center	• 0.025	• 5/12	• Secretary Chu announced in Boston with Governor Patrick
Carbon Capture and Storage	• 2.4	• 5/15	• Secretary Chu announced at the National Coal Council
Solar and Geothermal	• .5	• 5/27	• President Obama announced in Nevada
Industrial Buildings Tech.	• 0.257	• 6/1	• Secretary Chu announced in Boston with Governor Patrick
Building Energy Efficiency	• 0.346	• 6/29	• President Obama announced in Washington DC



# Financial Update

As of August 5, 2009

## Grant and Contract Appropriations Billions, USD



Note: Some selected funds have not been allotted yet (e.g., batteries and transport electrification) In such cases they were represented in the selected but not obligated column.



# We have developed an integrated plan to guide implementation

Timing

June

Early fall

Sept 2010

Appropriation

**Build Foundation**

Announcement / Apportionment

**Select Project**

Award Obligation

**Implement**

Impact

Phase Description

- Opportunity framing
- S-1 approval of projects
- Spend plans submitted to OMB
- Controls put in place
- FOA announcement
- OMB apportionment
- Master plan

- Panels convened
- Applications received
- Award
- Contracts processed
- Allotment issued
- Obligation

- Audit/oversight
- Impact Measurement
- Job measurement
- Costing / Financial reporting

Target milestones

100% apportioned

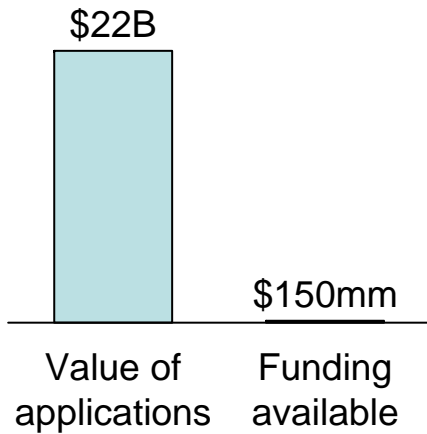
50% obligated

100% obligated  
70% costed

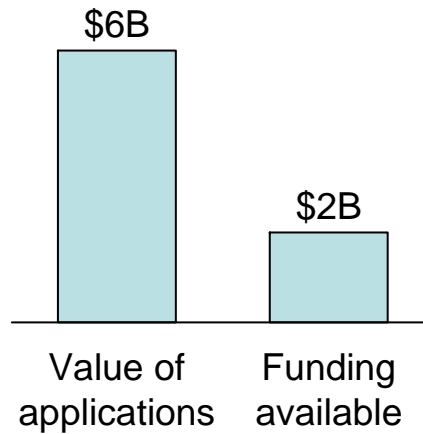


# Recovery Act Programs Wildly Oversubscribed

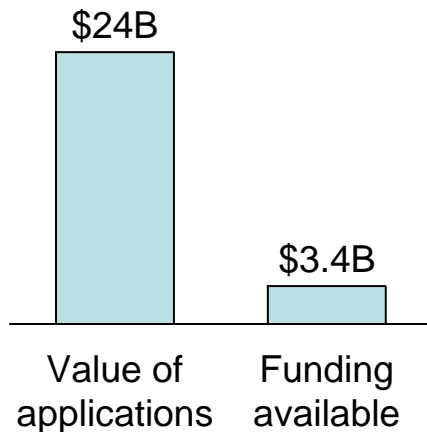
## ARPA-E Concept papers 150x oversubscribed



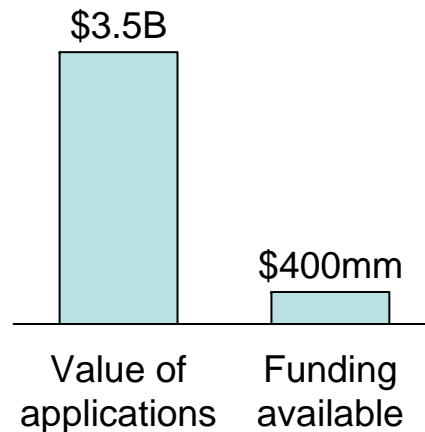
## Battery manufacturing 3x oversubscribed



## Smart Grid Investment Grants 7x oversubscribed



## Transport electrification 9x oversubscribed



- **Significant market enthusiasm for DOE Recovery Act Programs**
- **Enables DOE to choose the best of a broad array of technology that offer the best promise to create jobs, end our addiction to oil, and provide a downpayment on our energy and environmental future**

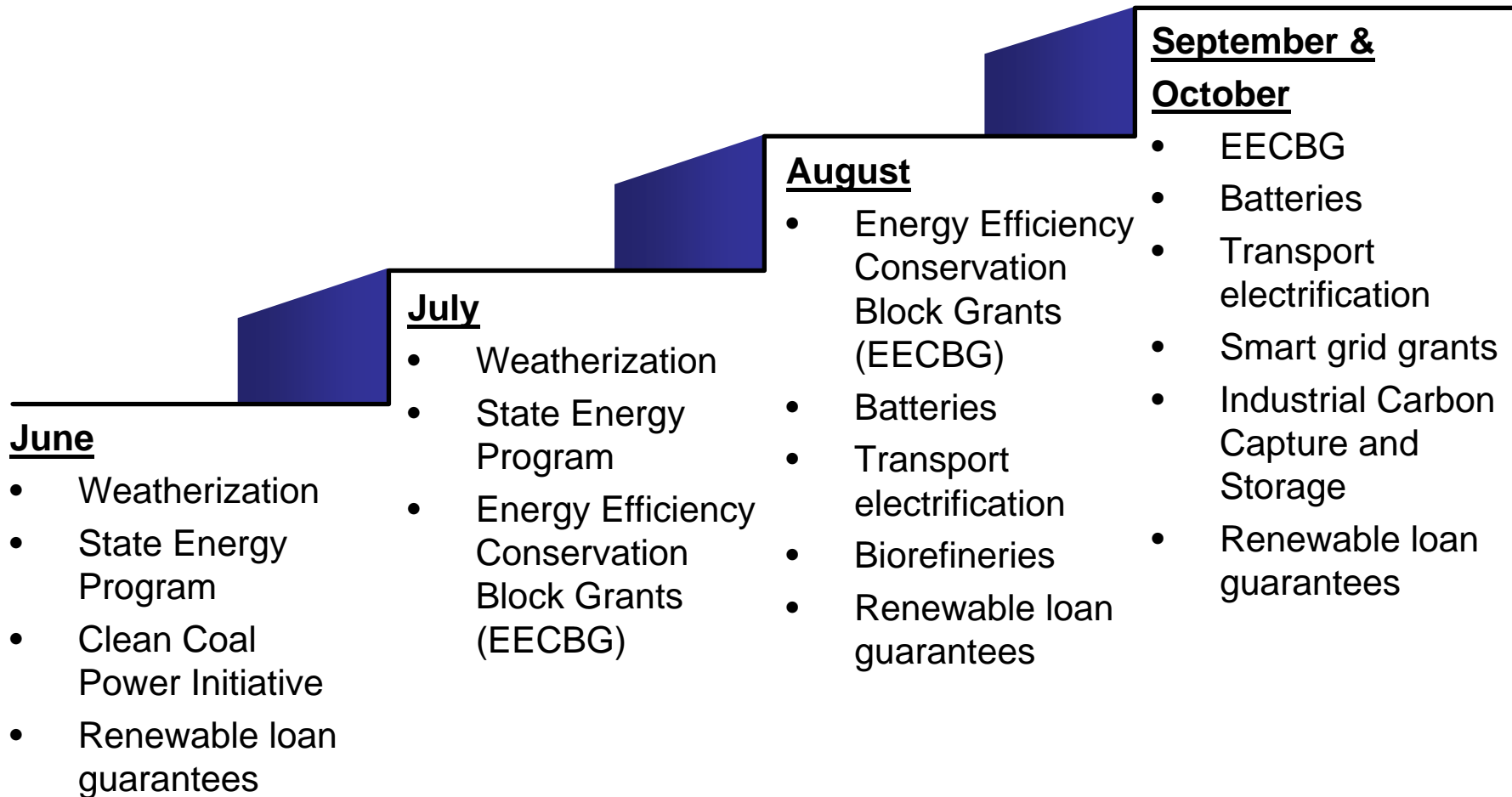




# Selection and awards will be announced throughout the summer



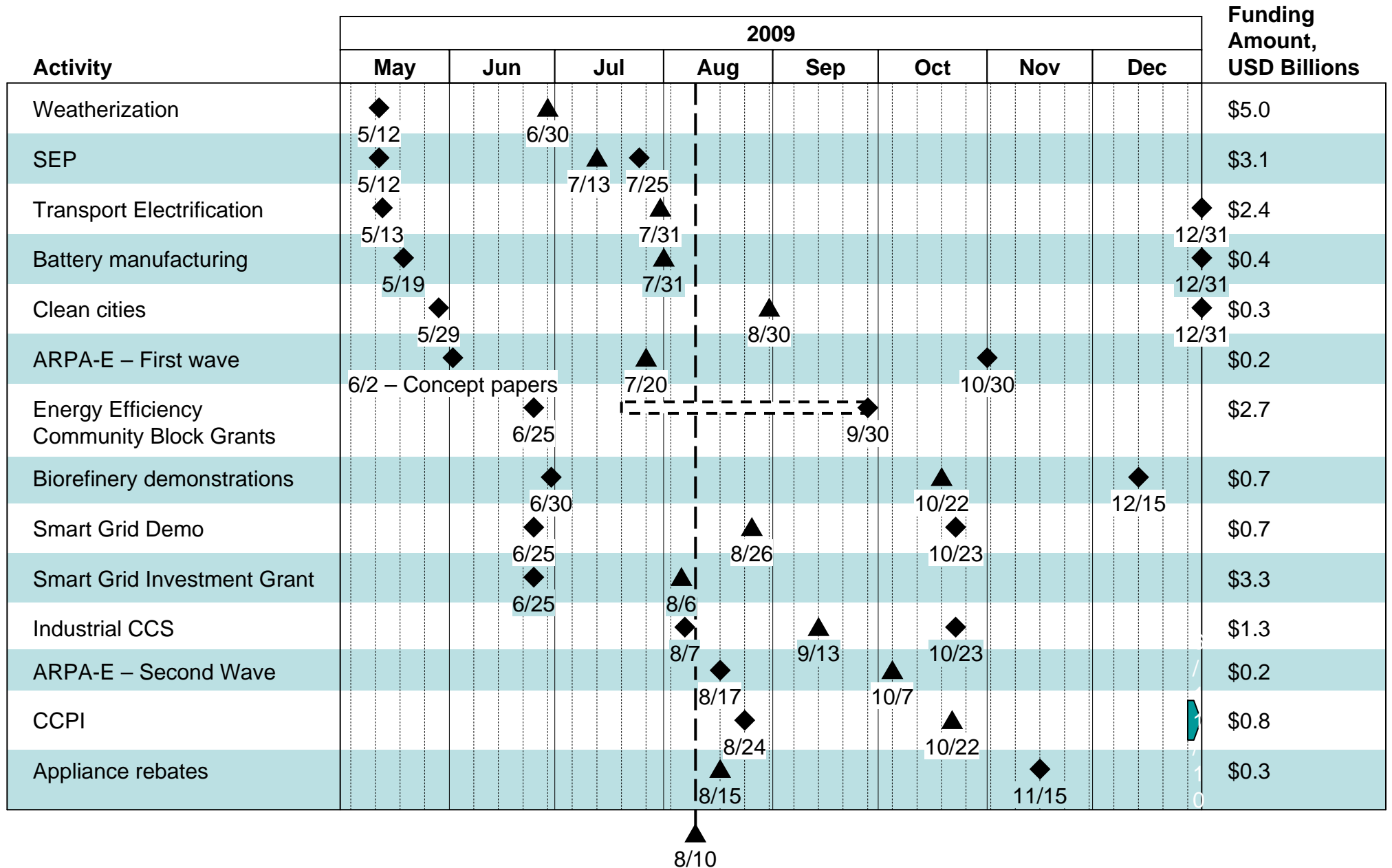
## Anticipated Selection and Awards Schedule





# Review and Award Schedule

◆ Application due ▲ Selection completed ◆ Award complete





# Operational Innovation

DOE Expert  
contact line  
1-888-DOE-RCVY  
1-888-363-7289

## Progress to Date

### Outreach

- Operating expert call center for Recovery Act inquiries – 1-888-DOE-RCVY receiving ~500 calls per week
- Developing a speaker's bureau for regional and district speech requests
- Making state data fully transparent (and cities/counties within states) on our website

### Speed

- Setting up 1500-2000 peer reviewers to accelerate applicant processing

### Internal Controls

- Sent auditors to first 16 states who receive first funds to provide visible oversight and establish audit pattern
- Developed detailed risk assessment and risk mitigation by program
- Conducting daily Recovery Act program and function meetings
- Developing phased gate spend plans
- Obtaining personal risk assurance from each leader

### Measuring Impact

- Working with CEA and EIA on economic return measures



# Credit Programs

- EPACT 2005 Title XVII Loan Guarantee Programs
  - Section 1703: Innovative Technologies
  - Section 1705: Commercially Available Technologies
    - as amended by the American Recovery and Reinvestment Act of 2009
  
- Energy Independence and Security Act of 2007
  - Advanced Technology Vehicles Manufacturing Program

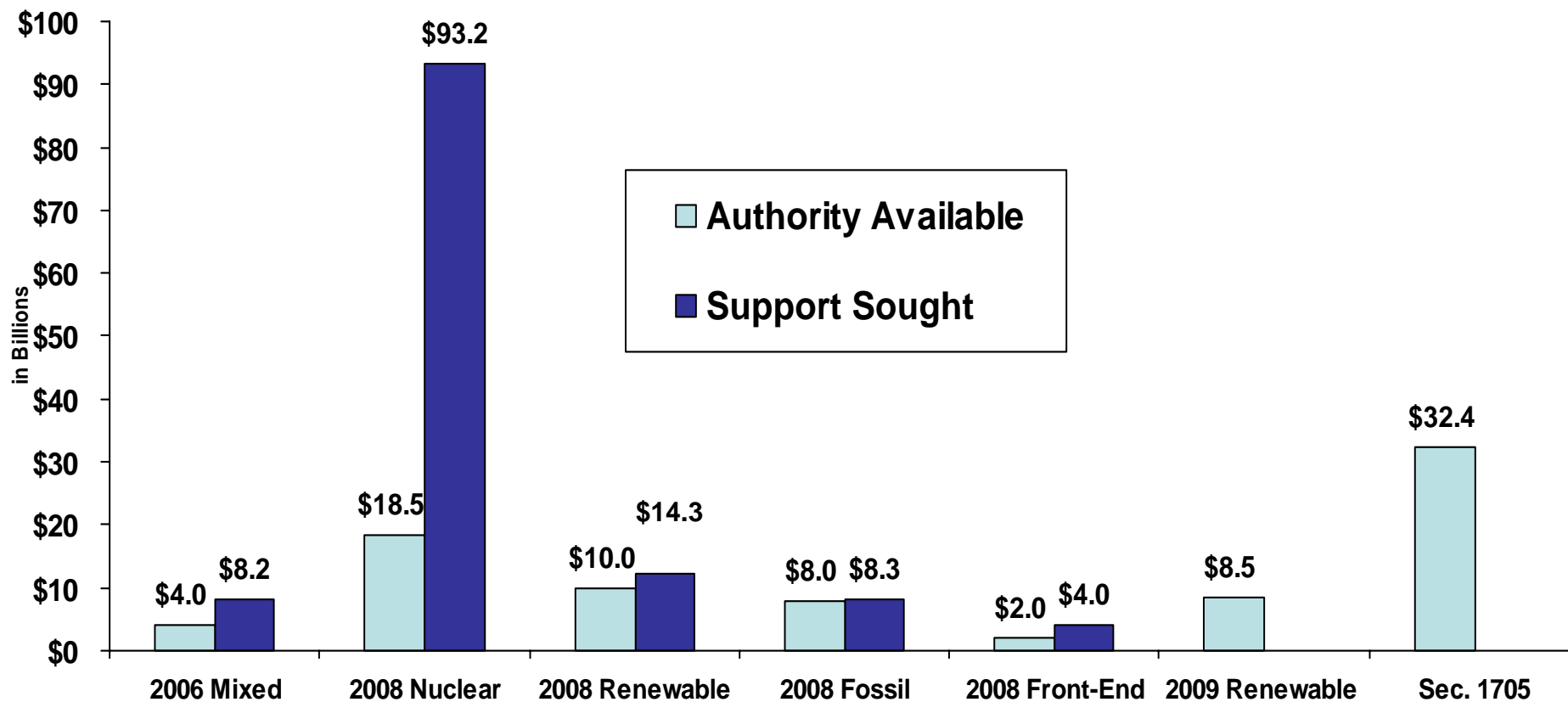


# DOE Credit Programs

Program	Purpose	Credit Subsidy	Fees	Criteria and Eligibility	Lenders
<b>Title XVII Innovative Technologies</b> Loan Guarantee Program (EPACT Section 1703)	Issue Loan Guarantees to support early commercial use of advanced clean energy technologies in the United States	Self-Pay by applicant	Recover all costs from applicant through fee structure which includes: <ul style="list-style-type: none"> <li>•Application Fees</li> <li>•Facility Fees</li> <li>•Maintenance Fees</li> <li>•Credit Subsidy Fees</li> </ul>	<ul style="list-style-type: none"> <li>•Avoid, reduce or sequester air pollutants</li> <li>•Reasonable assurance of repayment</li> <li>•Employ new or significantly improved technologies in the U.S.</li> </ul>	<ul style="list-style-type: none"> <li>•Applicants for less than 100% guarantees must be funded by eligible lenders other than the Federal Financing Bank (FFB).</li> <li>•100% guarantees must be funded by FFB.</li> </ul>
<b>ARRA Commercially Available Technologies</b> Loan Guarantee Program (EPACT 2005 Section 1705)	Issue Loan Guarantees to certain renewable, advanced biofuel and electric power transmission projects adversely impacted by the significant reduction of commercial credit in the marketplace.	Appropriated	Same as above (except CS fees)	<ul style="list-style-type: none"> <li>•Avoid, reduce or sequester air pollutants</li> <li>•Reasonable assurance of repayment</li> <li>•Compliance with Davis Bacon Wage Requirements</li> <li>•Must commence construction by Sept 30, 2011</li> </ul>	Eligible Lenders
<b>EISA Advanced Technology Vehicles Manufacturing</b> Loan Program (EISA Section 136)	Issue Direct Loans to develop advanced technology vehicles and associated components in the United States	Appropriated	10 basis points of the loan at closing	Costs be reasonably related to the reequipping, expanding, or establishing an advanced vehicle technology manufacturing facility in the U.S.	Federal Financing Bank only



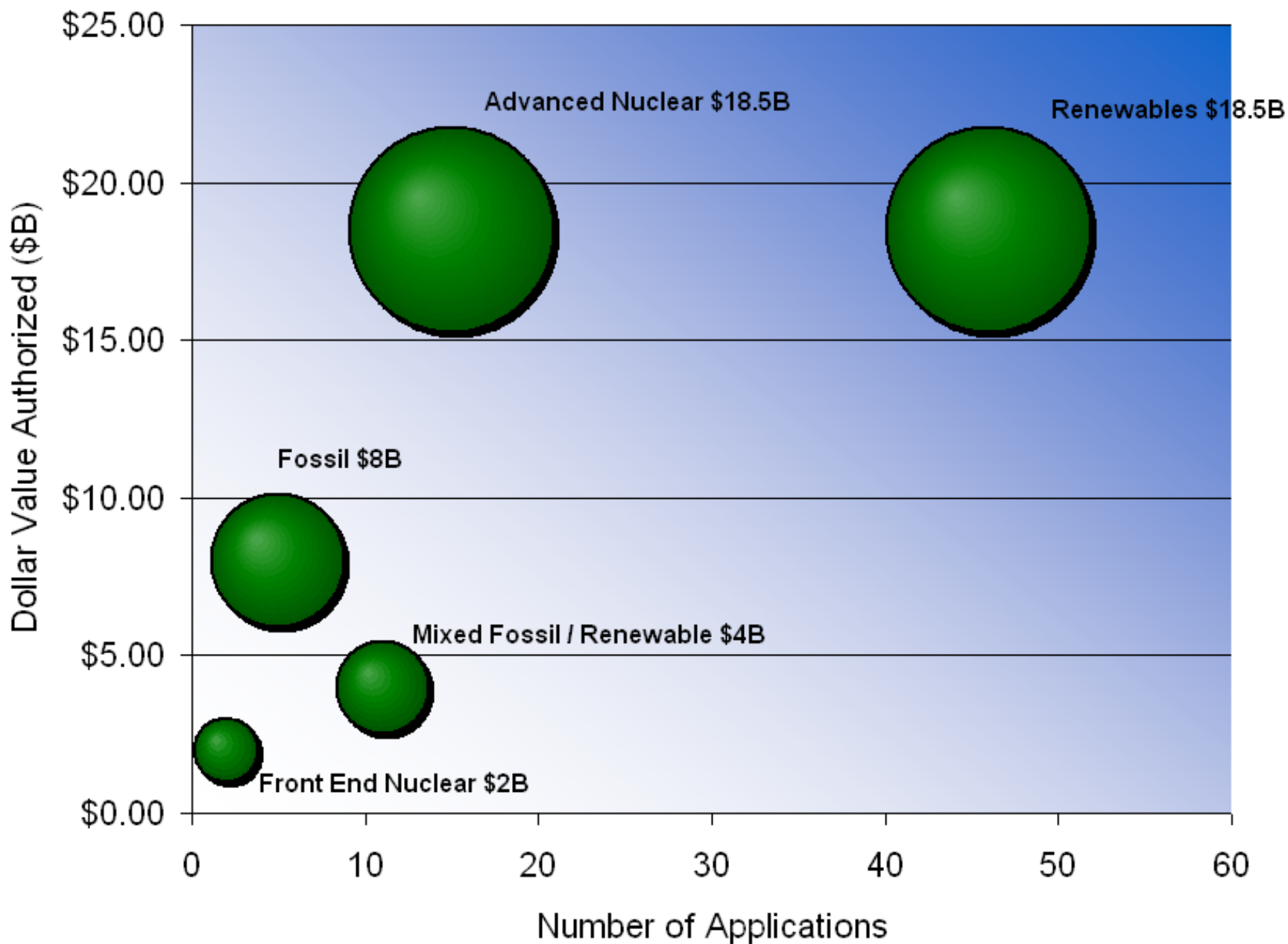
# Title XVII Loan Guarantee Program Status of Solicitation Responses



<b>Applications Received</b>	11	15	46	5	2	TBD	TBD
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# Title XVII Loan Guarantee Authority - 1703





# Loan Guarantee Authority

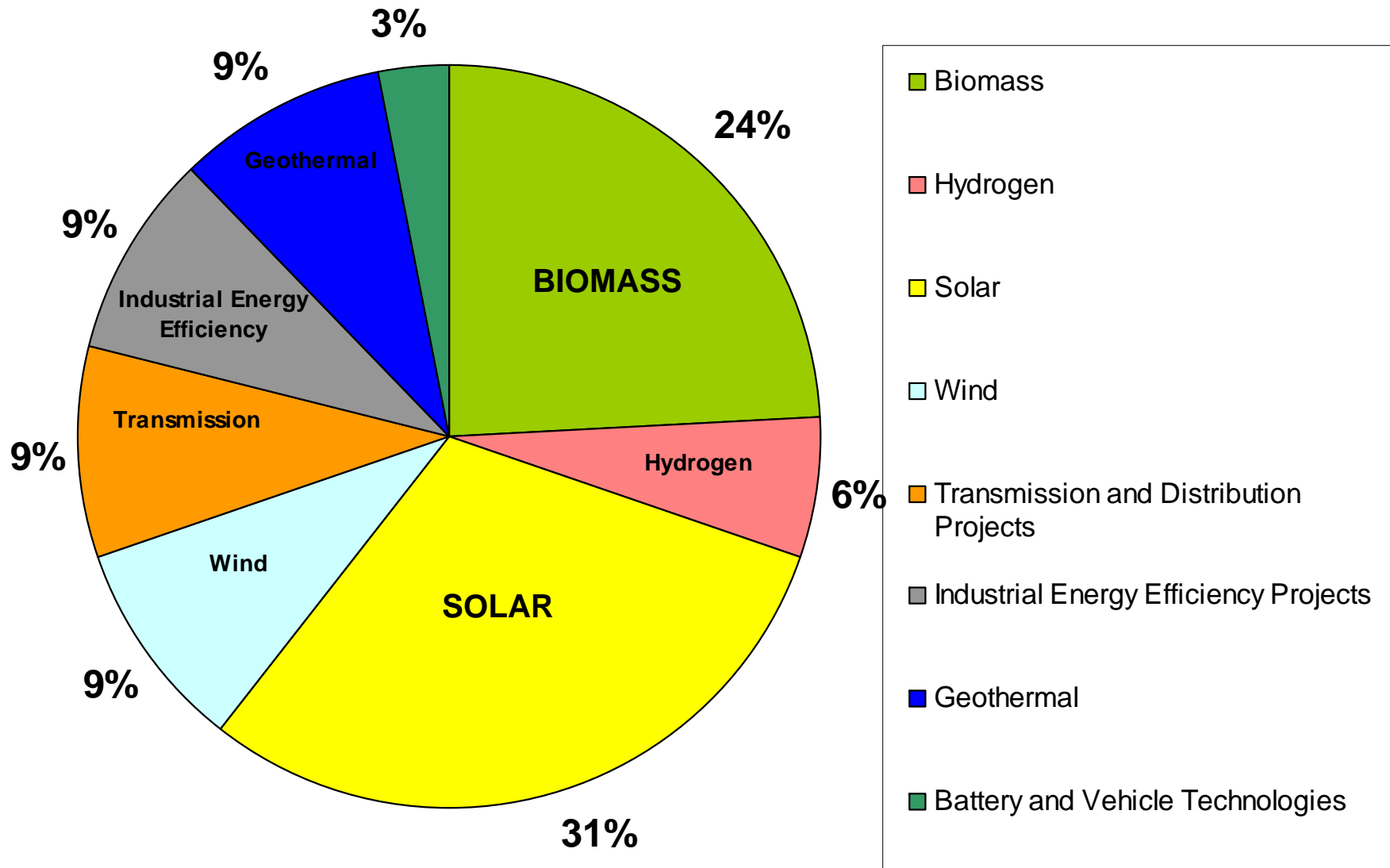
## FY 2007 – FY 2009 Loan Guarantee Authority (up to \$99.6 Billion)

FY 2007	FY 2008	FY 2009 Approp.	FY 2009 Recovery Act
<p><b>\$4.0 billion Available until Committed</b> (Credit Subsidy – Self Pay)</p>	<p><b>\$38.5 billion Available until Committed</b> (Credit Subsidy – Self Pay)</p>	<p><b>\$8.5 billion Available until Committed</b> (Credit Subsidy –Self Pay)</p>	<p><b>Up to \$32.4 billion</b> Expires Sept 30, 2011 (Appropriated Credit Subsidy)</p>
<p><u><b>Breakdown</b></u>            No carve-out stipulated by Congress             Eligible: renewable and fossil projects</p>	<p><u><b>Breakdown</b></u>            \$10 billion for energy efficiency renewable energy and advanced transmission &amp; distribution             \$18.5 billion – advanced nuclear power facilities             \$2.0 billion – for “front end” nuclear fuel cycle facilities             \$8.0 billion – coal based power generation, industrial gasification &amp; carbon capture &amp; sequestration (\$6.0B); and advanced coal gasification (\$2.0B).</p>	<p><u><b>Breakdown</b></u>            \$8.5 billion for renewable and/or energy efficient systems and manufacturing, and distributed energy generation, transmission and distribution</p>	<p><u><b>Breakdown</b></u>            Creates Section 1705             \$4.0 billion in appropriated Credit subsidy             Renewable energy systems             Electric power transmission             Leading edge biofuel (not to exceed \$500M)             Projects must commence Construction not later than Sept 30, 2011</p>



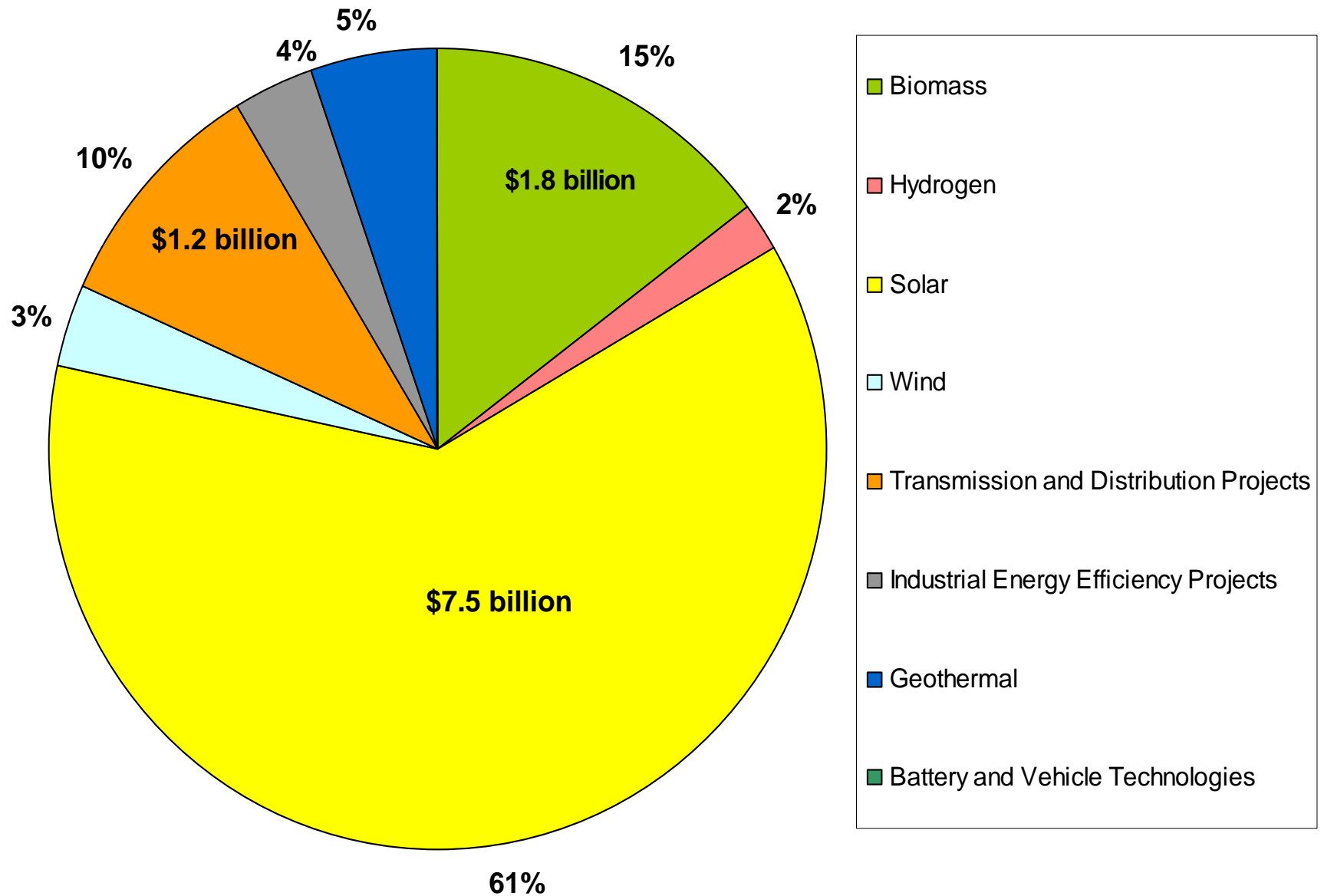


# 2008 Renewable Energy Applications by Technology





# 2008 Renewable Energy Applications by Loan Request





# Title XVII Loan Guarantee Program Solicitation Strategy

		<b>QUALIFY FOR 1705 SUBSIDY</b>				
		<b>Renewable Generation &amp; Manufacturing</b>	<b>Advanced Biofuels</b>	<b>Transmission &amp; Distribution</b>	<b>Other Renewables &amp; Energy Efficiency</b>	<b>Nuclear &amp; Fossil</b>
Innovative		Renewables Solicitation (OPEN)				Solicitation (CLOSED)
Conventional	FIPP (SOON)		Transmission Solicitation (OPEN)			



# Title XVII Commercially Available LGP

## Financial Institutions Partnership Program

- Rapid deployment
- Lenders are applicants
- Rolling applications



# Project Applicant Requirements

## Statutory Requirements

- Energy Policy Act of 2005 (EPACT)
- DOE Final Rule: Section 609.6 (29 Items)
- Solicitations: Detail Specific Requirements for Applicants
  - Qualifying or eligible costs for use of Guarantees
  - Fees
  - Evaluation criteria applied
- National Environmental Policy Act (NEPA)
  - Requires Federal agencies to assess the environmental impact of all major Federal actions significantly affecting the quality of the human environment
    - Environmental Assessment
    - Environmental Impact Statement
    - Categorical Exclusion

## Additional Keys to Closing (“Readiness to Proceed”)

- Project Maturity-off take agreements, site selection, Engineering Performance Contracts (EPCs)
- Project Structures
- Terms and Conditions



# DOE Loan Guarantee Program

Thank You!

[www.lgprogram.energy.gov](http://www.lgprogram.energy.gov)

LGPO: 202-586-8336

Recovery Act: 1-888-RCVY