



U.S. DEPARTMENT OF ENERGY

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DOE Reports Progress on Loan Guarantee Program

Forms Credit Review Board, Names Temporary Staff, and Establishes Guidelines for Financial and Technical Reviews

WASHINGTON, DC – The U.S. Department of Energy (DOE) this week reported progress in implementing its Loan Guarantee program for promising projects that employ clean energy technologies, as authorized by the Energy Policy Act of 2005 (EPAct). DOE has established a Credit Review Board to make recommendations to the Secretary of Energy, named experts to work in the Loan Guarantee program office, and developed guidelines for the financial and technical review of loan guarantee applications. Additionally last month, DOE issued draft loan guarantee regulations that once final, will enable DOE to begin issuing loan guarantees for clean energy projects. A public meeting was held on the draft regulations on Friday, June 15, 2007.

“We are focusing expert resources to get federal loan guarantees in place for promising clean energy technologies,” Secretary of Energy Samuel W. Bodman said. “We will continue to move forward quickly and deliberately to spur innovation that will further our nation’s energy and economic security through this important program.”

DOE is moving aggressively to implement the statutory authority provided in Title XVII of EPAct. In March, DOE established a Credit Review Board chaired by the Deputy Secretary of Energy. The Board will establish the overall policies and procedures for DOE’s Title XVII Loan Guarantee Program; coordinate credit management and debt collection activities for the program; determine which pre-applicants will be invited to submit full applications; and ultimately make recommendations to the Secretary of Energy prior to the Secretary granting final approval for any Title XVII Loan Guarantee.

In April, DOE secured two federal employees from the Department of the Treasury to serve as detailees in the Loan Guarantee program office through the end of fiscal year 2007. These employees are experts in federal credit and loan programs and will manage the financial and technical review process for all pre-applications. DOE continues to interview candidates for the position of Director of its Loan Guarantee Office.

For the financial review of the 143 pre-applications received by December 31, 2006, DOE has also established guidelines that will be used to evaluate a pre-applicant’s financial and technical proposal. The Department is currently reviewing these pre-applications, submitted in response to the Department’s first solicitation under August 2006 guidelines, and will invite a number of pre-applicants to submit applications for loan guarantees later this year.

DOE is developing policies and procedures for credit subsidy cost and administrative cost estimates and expects to have these in place this year. DOE has also analyzed the accounting impacts of existing Office of Management and Budget, Treasury, Joint Financial Management Improvement Program, and

Federal Accounting Standards Advisory Board requirements and begun establishing the necessary processes and procedures for implementation of these accounting practices as part of DOE's Loan Guarantee Program.

The Department's FY 2008 budget requests \$9 billion in loan guarantee authority and \$8.3 million to run the Loan Guarantee Office. Currently, the Department has \$4 billion in loan guarantee authority.

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