Program Overview

Financing American Energy and Jobs

- Innovative Energy
- **Energy Dominance Financing (EDF)**

New Mexico Legislature

Science, Technology & Telecommunications Committee (STTC)

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What is the Loan Programs Office (LPO)?

LPO is…

the **premier public financing partner** accelerating high-impact energy and manufacturing investments to advance America's economic future.

How do we do it?

- **TITLE 17** – Innovative Energy Projects
- **TITLE 17** – Innovative Supply Chain Projects
- **TITLE 17** – State Energy Financing Institution (SEFI) – Supported Projects
- **TITLE 17** – Energy Infrastructure Reinvestment Projects
- **ATVM** – Advanced Technology Vehicles Manufacturing Program
- **TRIBAL** – Tribal Energy Financing Program
- **CIFIA** – Carbon Dioxide Transportation Infrastructure Finance and Innovation

✓ By **providing attractive debt financing** for high-impact, large-scale ($100M+) energy infrastructure projects in the U.S.

✓ With **tens of billions of dollars** in available loan and loan guarantee authority.

✓ Via **seven loan programs & project categories** supporting both innovative and commercial technologies.

A History of Portfolio Success Across Sectors

Over $40 billion in innovative clean energy & advanced transportation loans and commitments

Advanced Nuclear | $12 Billion
First AP1000 reactor in the U.S. **(Vogtle)**

Advanced Vehicles & Components | $19.6 Billion
Accelerated domestic electric vehicles manufacturing. **(BlueOval SK, Ford, Nissan, Tesla, Ultium Cells)**

Concentrating Solar Power | $5.8 Billion
Five CSP plants utilizing diverse technologies.

Utility-Scale PV Solar | $4.7 Billion
First five photovoltaic (PV) solar projects larger than 100 MW in the U.S.

Critical Materials | $3.2 Billion
Supporting domestic supply chains for electric vehicles battery manufacturing in the U.S. **(Li-Cycle, Redwood Materials, Rhyolite Ridge, Syrah Vidalia)**

Virtual Power Plants | $3.0 Billion
Landmark commitment to scale up access to DERs nationwide. **(Hestia)**

Wind Energy | $1.7 Billion
Four onshore farms, including one of the world's largest. **(Shepherds Flat)**

Advanced Fossil | $1 Billion
Conditional commitment for industrial decarbonization & clean hydrogen project. **(Monolith)**

Geothermal | $546 Million
Innovative thermal extraction, revitalizing the sector.

Hydrogen | $504 Million
Innovative clean hydrogen storage facility. **(Advanced Clean Energy Storage)**

Transmission | $343 Million
Advanced transmission lines for improved grid reliability. **(One Nevada Line)**

NOTE: Loan Amounts on this page represent the approximate amount of the approved loan at closing (or, for active conditional commitments, at time of conditional commitment announcement), including principal and any capitalized interest. Note that in making an obligation of use of loan authority, DOE does not include capitalized interest in those amounts.

What LPO Offers Borrowers

LPO loans and loan guarantees are differentiated in the clean energy debt capital marketplace in **three primary ways:**

Access to Patient Capital
that private lenders cannot or will not provide.

Flexible Financing
customized for the specific needs of individual borrowers.

Committed DOE Partnership
offering specialized expertise to borrowers for the lifetime of the project.

LPO Financing Programs

Title 17 Clean Energy (Title 17)

Financing for:

- Innovative Energy & Innovative Supply Chain (1703)
- State Energy Financing Institution (SEFI)-Supported (1703)
- Energy Dominance Financing (EDF, 1706)

Tribal Energy (TELGP)

Financing for:

- Tribal energy development projects

Advanced Transportation (ATVM)

Financing for:

- Manufacturing of advanced technology vehicles, several modes of ATVs, components, and EV charging infrastructure

CO_2 Transportation Infrastructure (CIFIA)

Financing for:

- Large-capacity, common carrier CO_2 transportation projects

Title 17 Program Eligibility

All Projects Must:

1. Be located in the United States, territories, or possessions.
2. Be an energy-related project.
3. Achieve significant and credible GHG or air pollution reductions.
4. Have a reasonable prospect of repayment.
5. Involve technically viable and commercially ready technology.
6. Not benefit from prohibited federal support.

Category-Specific Requirements:

Projects must also meet additional requirements specific to their category:

Innovative Energy (1703)

Innovative Supply Chain (1703)

State Energy Financing Institutions (1703)

Energy Infrastructure Reinvestment (1706)

Title 17 Lending Overview

General Terms & Considerations

- The amount of the LPO-guaranteed obligation cannot exceed 80% of eligible project costs (as defined by statute and regulations and determined by LPO).
- LPO generally encourages applicants to consider greater than $100M loan requests due to costs.
- The tenor of the guaranteed obligation cannot exceed the lesser of (a) 30 years and (b) 90% of the projected useful life of the assets.
- LPO cannot be subordinated to any other financing.
- With limited exceptions, the project generally cannot benefit (directly or indirectly) from other Federally appropriated funds.

Lender/Guarantee Options

- Direct loan from U.S. Treasury's Federal Financing Bank (FFB) backed by 100% "full faith and credit" DOE guarantee. Note: Applicants **do not** apply directly to FFB; Title 17 loan applications are managed through LPO.
- DOE partial guarantee (up to 90%) of commercial debt from Eligible Lenders.

Interest Rates and Fees

Interest Rate

- Base cost of capital for FFB loans: Treasury + 3/8ths (0.375%)
  - Fixed at the time of each draw according to the Treasury rate for the applicable tenor as of that date
- Credit-based interest rate spread or risk-based charge

Fees & Costs

- No application fees
- Facility fee (due at or before financial close)
  - 0.6% on first $2 billion of commitment; 0.1% for portion exceeding $2 billion
- Maintenance fee annually post-closing
- Applicant pays for both its own and DOE's external advisors as incurred

The LPO Loan Transaction Process

LPO engages early with applicants and remains a partner throughout the lifetime of the loan

1 Pre-Application

LPO meets with potential applicant to discuss project eligibility, application process, and applicant questions.

2 Application & Review

LPO establishes project eligibility and readiness to proceed, followed by programmatic, technical, and financial evaluation.

3 Due Diligence

LPO and applicant engage third-party advisors and negotiate term sheet.

4 Conditional Commitment

LPO offers term sheet for loan or loan guarantee. The offer is contingent on borrower satisfying certain conditions.

5 Financial Close

LPO and borrower execute definitive financing documents, subject to additional conditions precedent to loan disbursements.

6 Monitoring

LPO monitors project and acts as trusted partner for the life of the loan, acting in the best interest of the U.S. government and taxpayers.

TITLE 17

Innovative Energy Projects (1703)

Innovative Energy Projects (1703)

Innovative Energy projects deploy qualifying New or Significantly Improved Technology that is technically proven but not widely commercialized in the United States.

TITLE 17

Energy Infrastructure Reinvestment (EIR) Projects (1706)

Energy Dominance Financing (EDF) Projects (1706)

EDF projects retool, repower, repurpose, or replace energy infrastructure that has ceased operations or enable operating energy infrastructure to reduce air pollutants or emissions of greenhouse gases.

EDF projects are not required to employ innovative technology.

Energy Dominance Financing

1706

Financing to leverage existing U.S. energy infrastructure for the clean energy future

Example Projects

Power plant (or associated infrastructure) retooled, repowered, repurposed or replaced with:

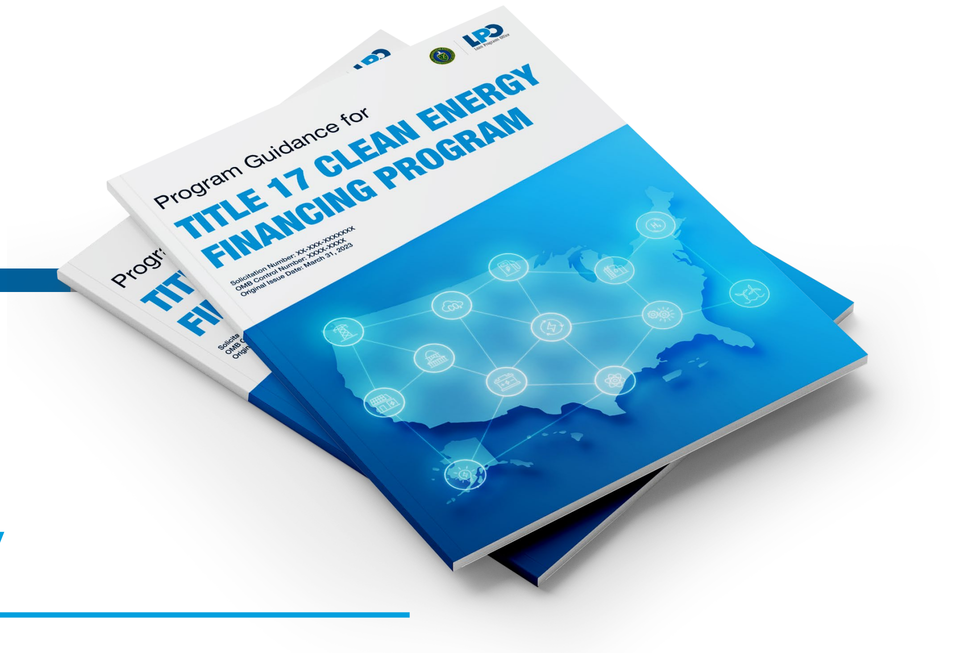
- Renewable energy (and storage)
- Distributed energy (e.g., VPPs)
- Transmission interconnection to off-site clean energy
- New manufacturing facilities for clean energy products or services
- Nuclear generation

- Reconductoring transmission lines and upgrading voltage
- Installing emissions control technologies, including carbon capture and sequestration (CCS)
- Repurposing oil and gas pipelines (e.g., for H_2, CO_2)
- Upgrading refineries for biofuels or hydrogen
- Upgrading or uprating existing generation facilities (with emissions control technologies for projects involving fossil generation)

Let’s Talk About Your Project

Contact LPO to see what financing options may be available for your project

Questions?



To **schedule** a no-fee, pre-application consultation, go to:
Energy.gov/LPO/Pre-App

Call or **write** to Tom Hucker,: **(240) 688-1305 |** **tom.hucker@hq.doe.gov**

Download the full Title 17 Guidance document at: **Energy.gov/LPO/Clean-Energy**

Learn more about LPO and all of it financing programs at: **Energy.gov/LPO**

- **Resource Library:**
  - Application Instructions
  - Fees & Costs
  - Credit-based interest rate spread

Application Instructions on LPO website

TITLE 17 CLEAN ENERGY FINANCING

Loan Programs Office

Loan Programs Office » TITLE 17 CLEAN ENERGY FINANCING

Overview

The following overview summarizes the Title 17 Clean Energy Financing Program. For detailed information on the Clean Energy Financing Program, please refer to:

- **Title 17 Program Guidance:** This Guidance provides a comprehensive program overview.
- Part I and Part II Application Instructions
- **Title 17 Interim Final Rule** : The Rule amends Title 17 regulations to implement changes that expand or modify program authority and to revise for clarity and organization.
- **Governing Documents:** LPO's programmatic governing documents detail statutory and

LPO Loan Programs Office

TITLE 17 CLEAN ENERGY FINANCING PROGRAM

Part I Application Instructions

OMB Control Number: 1910-5134
OMB Expiration Date: February 28, 2026
Original Issue Date: May 19, 2023

Contents

Fees and Costs

See Program Guidance for details on fees and costs

- *LPO utilizes independent advisors that typically cost $1-3 million*

Third-party Expenses

DOE may, and typically does, utilize independent technical, financial, or other consultants and outside legal counsel in the due diligence of projects, structuring of transactions, and drafting of term sheets and financing documents. Upon DOE's decision to retain an outside advisor, the Project Sponsor will be required to execute an agreement satisfactory to DOE to pay the advisor's fees and expenses.[22] These third-party expenses, which can be in the range of $1-3 million through the closing date, will accrue and shall be payable by the applicant as set forth in the sponsor payment agreement, whether or not the closing date occurs. These third-party expenses constitute Eligible Projects Costs and can be amortized in the loan itself. DOE shall not be financially liable to any independent consultant or outside counsel for services rendered in connection with an application under any circumstances.

In addition, the applicant will be responsible for the payment of the fees and expenses charged by any collateral agent or account bank retained by DOE in connection with the Loan Guarantee Agreement.

Facility Fee

On the closing date of a Loan Guarantee Agreement, all applicants must pay a non-refundable Facility Fee in an amount equal to 0.6% for the portion of the principal amount of the Guaranteed Obligation (net of any capitalized interest) that does not exceed $2 billion. For applications as to which the principal amount of the Guaranteed Obligation (net of any capitalized interest) exceeds $2 billion, applicants pay an amount equal to 0.6% for the portion of the principal amount of the Guaranteed Obligation that does not exceed $2 billion plus, for the portion of the principal amount that exceeds $2 billion, an additional 0.1%.

For example, an applicant for a guaranteed loan in the principal amount of $250,000,000 (net of any capitalized interest) would pay a Facility Fee of $1,500,000 (0.6% of $250,000,000). An applicant for a guaranteed loan of $2.5 billion (net of any capitalized interest) would pay a total Facility Fee of $12,500,000 (0.6% of the first $2 billion, which is $12,000,000; plus 0.1% on the amount over $2 billion, which is 0.1% x $500,000,000 = $500,000).

Maintenance Fee

Applicants must pay a non-refundable annual Maintenance Fee to cover DOE's administrative expenses in servicing and monitoring the Loan Guarantee Agreement from the execution of the Loan Guarantee Agreement through payment in full. The amount of the Maintenance Fee is typically in the range of $150,000-200,000 per calendar year, although can be up to $500,000 depending on the complexity of the loan. The Maintenance Fee shall be paid each year in advance, commencing with payment of a pro-rated annual payment prior to the financial closing date of the Loan Guarantee Agreement, on or prior to the date and in the amount specified in the Loan Guarantee Agreement.

[22] See Section 609.11 of the Title 17 Regulations.

Credit-based Interest Rate Spread

Projects qualifying for Title 17 under SEFI authority are credit rated and assessed a credit-based interest rate spread.

Requests for reductions to credit-based interest rate spreads are considered based on policy elements and the availability of appropriated funds.

[Pricing for LPO Financing by Program | Department of Energy]

Credit-Based Interest Rate Spread for Title XVII

The Loan Programs Office (LPO) is announcing that a credit-based interest rate spread will be added to certain loans that are issued by the Federal Financing Bank (FFB) and backed by a 100 percent loan guarantee issued by the Department of Energy.

Loans issued by the FFB will carry an interest rate calculated by the following formula:

Interest Rate = Applicable U.S. Treasury Rate for the tenor of the loan + 37.5 basis points (bps) FFB liquidity spread (standard across all Title XVII loans) + Applicable Credit-Based Interest Rate Spread

The credit-based interest rate spread will be applied to Title XVII transactions that:

- Demonstrate the ability to predictably generate sufficient cash flow to service the borrower's debt obligations over the life of the loan guarantee, including transactions that have long-term power purchase agreements, and are not subject to unhedged market-based pricing risk; and
- Are able to provide a rating from a nationally recognized third party credit rating agency that falls within the range of ratings covered in the table below.

The credit-based interest rate spread will be determined based upon the following table. LPO will update this table periodically.

Project Credit Rating	Credit-Based Interest Rate Spread (%)	Final FFB Interest Rate Spread (%)
AAA	0.000	0.375
AAA-	0.000	0.375
AA+	0.000	0.375
AA	0.000	0.375
AA-	0.035	0.410
A+	0.075	0.450
A	0.115	0.490
A-	0.185	0.560
BBB+	0.265	0.640
BBB	0.335	0.710
BBB-	0.525	0.900
BB+	0.725	1.100
BB	0.925	1.300
BB-	1.125	1.500
B+	1.295	1.670
B	1.475	1.850
B-	1.625	2.000