

PUBLICATION

Feds Announce New Loan Guarantees for Clean Energy Projects

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The U.S. Department of Energy (DOE) announced a new loan guarantee program in July to facilitate the financing of energy projects in the U.S. that employ innovative and renewable or efficient energy technologies that avoid, reduce or sequester greenhouse gases. Under the Renewable Energy and Efficient Energy Projects Loan Guarantee Solicitation, the DOE will make available up to \$4 billion in loan guarantees.

In order to be eligible, projects must employ new or significantly improved technology (as compared to commercial technology in general use in the U.S.) that will avoid, reduce or sequester greenhouse gas emissions caused by humans. Additionally, projects must use one of the following: (i) renewable energy systems; (ii) efficient electrical generation, transmission and distribution technologies; or (iii) efficient end-use energy technologies.

The loan guarantee solicitation includes a sample list of potential types of eligible projects in the following key areas:

- **Advanced grid integration and storage**, such as projects employing renewable energy generation incorporating storage; smart grid systems incorporating demand response, energy efficiency, sensing and/or storage to enable greater penetration of renewable generation; micro grid projects that reduce carbon dioxide emissions; and storage projects that clearly enable greater adoption of renewable generation;
- **Drop-in biofuels**, such as new bio-refineries that produce gasoline, diesel fuel and/or jet fuel; bio-crude refining processes; and modifications to existing ethanol facilities;
- **Waste-to-energy projects**, such as those converting methane from landfills or ranches via biodigesters to heat and power; municipal solid waste to electricity; crop waste to fuel and/or energy and bioproducts; and forestry waste to fuel and/or energy;
- **Enhancement of existing facilities**, such as incorporating hydropower production into existing non-powered dams; upgrades of existing hydro facilities; and retrofitting existing wind turbines;
- **Efficiency improvements** that improve or reduce energy usage in facilities, buildings, and/or processes; recover, store or dispatch energy from curtailed or underutilized renewable energy sources or from thermal, mechanical, electrical, chemical or hydro-processes; or that dispatch, control or stabilize intermittent power to large transmission lines, smart grids and micro grids.

These examples are not exclusive or limiting of the types of projects that could be eligible. The program is designed to support projects that are market-ready, replicable and would not likely qualify for long-term financing by commercial banks or others absent a federal loan guarantee.

Initial submissions for the Renewable Energy and Efficient Energy Projects Loan Guarantee are due October 1, 2014, along with the Part 1 application fee of \$50,000. Additional application fees and submissions are due in later stages of the application process, if the project passes the DOE's Part 1 evaluation.

This program builds on other DOE loan programs designed to support the deployment of technologies that reduce greenhouse gases, as well as financing facilities administered by other federal agencies.

For more information about developing or financing clean energy projects, please contact your Baker Donelson attorney or a member of the Corporate/Mergers & Acquisitions department.