



## US Department of Energy Issues Solicitation for Renewable Energy Manufacturing Projects under DOE Federal Loan Guarantee Program

The US Department of Energy (DOE) recently announced the fourth solicitation to be issued under Section 1705 of the DOE's federal loan guarantee program. This newest solicitation is designed to support projects that manufacture commercial technology renewable energy systems (such as energy storage systems) and components (such as wind turbine systems, blades and solar photovoltaic components). The DOE also announced that it will make available up to US\$750 million to pay the credit subsidy costs for loan guarantees issued pursuant to this solicitation.

Similar to prior solicitations, applications under the manufacturing solicitation will be submitted in two parts, with rolling deadlines for each of the respective rounds. The first and last Part I deadlines are August 31, 2010 and November 30, 2010, respectively. The first and last Part II deadlines are October 31, 2010 and January 31, 2011. As with all Section 1705 awards, project construction must commence no later than September 30, 2011. Applicants are, therefore, encouraged to apply early.

The DOE Loan Guarantee Program was established pursuant to Section 1703 of Title XVII of the Energy Policy Act of 2005 (the Act) to provide financial support for renewable energy projects that **avoid, reduce or sequester air pollutants including anthropogenic emissions of greenhouse gas using "new and innovative technology"** (the Section 1703 Program).

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Under the Section 1703 Program, the DOE is authorized to issue guarantees for 100 percent of the applicable loan <sup>[1]</sup>, however, the applicant is responsible for paying the associated credit subsidy cost.

When Congress enacted the American Recovery and Reinvestment Act of 2009 (ARRA) it amended the Act by creating a new Section 1705 under Title XVII, expanding the existing loan guarantee program by removing the restriction that a project employ strictly noncommercial and innovative technologies (the Section 1705 Program). The Section 1705 Program supports the cost of loan guarantees for projects that begin construction on or before September 30, 2011 and comprise: (i) renewable energy systems used to generate electricity or thermal energy and related manufacturing facilities, (ii) electric power transmission systems and (iii) leading-edge biofuel projects.

In addition to the new manufacturing solicitation, there are currently two other open solicitations:

- 2009 Energy Efficiency, Renewable Energy and Advanced Transmission and Distribution Technologies, which permits applications under both the Section 1703 Program (where the applicant pays the credit subsidy) and the Section 1705 Program (where appropriation is made for the credit subsidy costs).
- 2000 Commercial Technology Renewable Energy Generation Projects under the Financial Institution Partnership Program a Section 1705 Program that focuses on conventional renewable energy generation.

The DOE also announced the launch of a new online application portal to facilitate and expedite the application process.

For more information about the DOE Loan Guarantee Program, please contact your principal Squire Sanders lawyer or any of the lawyers listed in this Alert.

<sup>[1]</sup> Loan guarantees in all cases, however, may not exceed 80 percent of the total project costs.

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