

Congress of the United States
Washington, DC 20515

January 19, 2018

The Honorable Thad Cochran
Chairman
Appropriations Committee
U.S. Senate
Washington, DC 20510

The Honorable Patrick Leahy
Ranking Member
Appropriations Committee
U.S. Senate
Washington, DC 20510

The Honorable Rodney Frelinghuysen
Chairman
Appropriations Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Nita M. Lowey
Ranking Member
Appropriations Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Cochran, Chairman Frelinghuysen, Ranking Member Leahy, and Ranking Member Lowey:

We are writing to respectfully request that you maintain authority for the Department of Energy (DOE) Loan Program Office (LPO) with a level of \$100-\$200 million in funding that has already been appropriated by Congress as you consider the Continuing Resolution for FY2018. This would allow important U.S. energy and transportation infrastructure projects to access a meaningful portion of the \$41 billion in remaining LPO funding authority.

As you may be aware, the Loan Programs Office was established by Congress in 2005 in order to assist American innovative energy and advanced auto manufacturing projects by offering loans to help bring new technologies to commercial deployment. LPO issues loan guarantees through its Title XVII innovative clean energy projects loan program and the Advanced Technology Vehicles Manufacturing (ATVM) loan program.¹

Currently, there remains \$41 billion in LPO loan-making capacity that could be used as a substantial down payment on the trillion-dollar infrastructure program that has been discussed by Members of both parties, as well as by President Trump in his February 2017 Joint Address to Congress.² Utilizing this funding would allow the private sector to continue to access a

¹ Department of Energy, Loan Program Office – About Us (energy.gov/lpo/about-us) (accessed Jan. 16, 2018).

² The White House, *Remarks by President Trump in Joint Address to Congress* (Feb. 28, 2017) (www.whitehouse.gov/briefings-statements/remarks-president-trump-joint-address-congress/)

meaningful portion of the remaining LPO loan guarantee and loan-making capacity, without adding any cost to the national deficit.

The LPO has already been used to support energy and transportation infrastructure projects involving transmission, storage, nuclear technology, battery production, and engine manufacturing. Additionally, on August 2, 2017, executives of 17 companies wrote a letter to House and Senate leadership in support of the LPO focused on projects to commercialize fossil, nuclear, renewable energy, energy efficiency, energy storage, grid reliability, and advanced transportation technologies.³

It is also worth noting that projects supported by the LPO are geographically diverse and impact every region of the country, financing over 30 projects in 18 different states.⁴ Some of these projects include the Lake Charles Project in Louisiana and Texas (December 2016), which leveraged a \$2 billion DOE conditional loan, matched by \$1.9 billion in private investment, for a project to convert oil-refining waste (“petcoke”) into high-value methanol, a key industrial chemical used in paints, plastics, automotive parts, and fuel blending.⁵ LPO also supported the construction of the first new domestic reactors in decades with the Vogtle Nuclear project in Georgia.⁶ Additionally, Tesla Motors received a \$465 million ATVM loan to transform a closed GM-Toyota plant in California into a full-scale manufacturing factory, creating more than 3000 full-time jobs in the process.⁷

Other LPO-backed projects include loans for the construction of a high voltage, cost-effective transmission line in Nevada, an electricity storage project to address voltage fluctuations in the grid in New York, an engine manufacturing project to improve the fuel economy of the Ford F-150 truck in Michigan, and an advanced battery manufacturing project in Tennessee.⁸

In addition to the positive economic impact of the LPO in regions across the country, the return on investment for these projects has also been stellar. To date, the LPO has created over \$50 billion in total project investment, saved or created 56,000 American jobs, and has greatly

³ Letter from the Executives of 16 Companies to Majority Leader Mitch McConnell, Minority Leader Chuck Schumer, Speaker Paul Ryan, and Minority Leader Nancy Pelosi (Aug. 2, 2017); *See also*, *Companies slam 'shameful' attack on loan program*, Energy and Environment News - Greenwire (Aug. 7, 2017) (www.eenews.net/greenwire/stories/1060058467/search?keyword=loan+program+office)

⁴ *See* note 1.

⁵ Department of Energy, *Energy Department Offers Conditional Commitment for First Advanced Fossil Energy Loan Guarantee* (Dec. 21, 2016) (energy.gov/articles/energy-department-offers-conditional-commitment-first-advanced-fossil-energy-loan-guarantee).

⁶ Department of Energy, *At Vogtle, Big Results with Nuclear Power* (Feb. 20, 2014) (energy.gov/articles/vogtle-big-results-nuclear-power).

⁷ Department of Energy, Loan Program Office – Portfolio Projects (energy.gov/lpo/maps/portfolio-projects) (accessed Jan. 16, 2018).

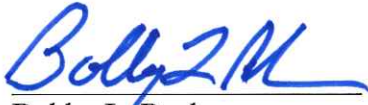
⁸ *Id.*

assisted local economies. Additionally, projects within the LPO portfolio have helped to decrease carbon emissions while also saving money for consumers by preventing 34.7 million metric tons of CO2 emissions, the equivalent of removing 7.3 million cars from the road, through 2016. ATVM projects have also saved 1.7 billion gallons of gasoline through 2016.⁹

As of December 2016, there have been over \$36 billion in loans, loan guarantees, and commitments made in the LPO program, with \$6.65 billion in loan principal and \$1.79 billion in interest already repaid to the U.S. Treasury. During this same time frame, losses accounted for barely half of the interest paid so far, or just over two percent of the program's commitments to date, and a tiny fraction of the \$10 billion set aside by Congress to cover failed loans.¹⁰

Due to the strong performance record of this program, as well as the widespread economic and technological impacts that the LPO has demonstrated, we strongly urge the Members of the Appropriations Committee to maintain funding levels of \$100-\$200 million for the Loan Program Office. If you have any questions, please contact John Marshall (Rep. Rush's office) at (202)225-4372 or Nick Grimes (Rep. Barton's office) at (202)225-2002. Thank you for your consideration.

Sincerely,



Bobby L. Rush
Ranking Member
Energy Subcommittee



Joe Barton
Vice Chairman
Energy and Commerce Committee

⁹ See note 1.

¹⁰ *Id.*