



# Energy Alert

## Recent developments in energy law

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### DOE announces new Financial Institution Partners Program and issues solicitation for Commercial Technology Renewable Energy Generation Projects

The Department of Energy (DOE) has announced it will provide up to \$750 million in funding from the American Recovery and Reinvestment Act (Recovery Act) to help accelerate the development of commercial renewable energy generation projects. This funding will cover the cost of loan guarantees that could support as much as \$8 billion in lending to eligible projects, and the DOE will invite private sector participation to accelerate the financing of these renewable energy projects.

The Recovery Act authorized the rapid deployment of renewable energy projects and related manufacturing facilities, electric power transmission projects, and leading-edge biofuels projects that commence construction before September 30, 2011. To this end, the DOE announced the creation of its new Financial Institution Partnership Program (FIPP), a streamlined set of standards designed to expedite DOE's loan guarantee underwriting process and leverage private sector expertise and capital for the efficient funding of eligible projects.

This first solicitation under the FIPP will seek loan guarantee applications for commercial renewable energy generation projects, such as wind, solar, biomass, geothermal, and hydropower. Under this first FIPP solicitation, eligible financial institutions that satisfy the qualifications in the FIPP solicitation will apply directly for DOE loan guarantees. The solicitation invites applications from eligible lenders for partial, risk-sharing loan guarantees from the DOE. The FIPP guarantee percentage will be no more than 80 percent of the maximum aggregate principal and interest during the term of the loan, and the project debt must obtain a credit rating of at least "BB" or equivalent with a nationally recognized credit rating agency. An applicant under this solicitation must first submit a Part I & Part II application. The Part I application may be submitted any time, and will be reviewed by the DOE on a continuous basis. The Part II application may only be submitted after receiving notification from the DOE regarding a corresponding Part I application. The first such date for the Part II application is November 23, 2009.

The FIPP solicitation issued on October 7, 2009, is designed to provide loan guarantees under Section 1705 of Title XVII of the Energy Policy Act of 2005 to support those commercial technology renewable energy generation projects that are the most assured of commencing construction no later than September 30, 2011, but the DOE anticipates

issuing an additional FIPP solicitation that will provide an opportunity for submitting loan guarantee applications in support of commercial renewable manufacturing projects.

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