



February 25, 2011

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

Dear Senate Leaders:

The Solar Energy Industries Association (SEIA) is the national trade association of the solar energy industry. On behalf of our 1,000 member companies and the 100,000 Americans employed by the solar industry, I am writing to urge the Senate to reject Sections 1425 and 3001 of H.R. 1, the House-passed continuing resolution (CR) that would eliminate funding for the Department of Energy (DOE) Loan Guarantee Program for solar and other non-nuclear clean energy projects. These cuts would have a devastating impact, likely killing all clean energy projects with pending loan guarantee applications. Instead, SEIA respectfully requests that the Senate take steps to preserve the Loan Guarantee Program and save the tens of thousands of jobs and other benefits it creates.

We recognize that the fiscal problems facing our nation are severe and that tough choices need to be made to reduce our annual budget deficits and burgeoning federal debt. Clearly, every dollar of federal spending deserves scrutiny, but we strongly believe that DOE's renewable energy loan guarantee programs are justified by their benefits to the economy.

DOE's Loan Guarantee Program was initially created by the Energy Policy Act of 2005 in recognition of the great challenges that nuclear and renewable energy projects face obtaining affordable long-term financing in the commercial marketplace. Until the financial community witnesses the successful completion of several of these projects, it will continue to charge substantial premiums or not lend to such projects at all.

To date, DOE has committed over \$25 billion in loan guarantees for 22 clean energy projects with total project investments of over \$40 billion. Cumulatively, these projects will yield almost four gigawatts of clean energy capacity, deploy three new manufacturing facilities, and create tens of thousands of jobs across 19 states.

Five of these projects have received only conditional loan commitments. Since OMB will likely not consider loan guarantee funding to be obligated until the loans have closed, many of these projects would be killed by H.R. 1 even though the developers have committed millions of dollars in reliance on the U.S. government's promise of support.

There are 26 additional projects at the end stages of DOE's loan guarantee due diligence review process. These projects have been carefully selected from over 150 applications submitted to the DOE Loan Guarantee Program. The companies that have received conditional loan commitments or are in the due diligence review process have expended hundreds of millions of dollars in project development costs in good faith reliance upon existing law. They will likely lose the entirety of their investment and some could be bankrupted if H.R. 1 becomes law. It is fundamentally anti-business for the federal government to offer incentives such as loan guarantees for investment in solar and other renewables and then, right when many of these projects are on the verge of approval and construction, pull the rug out from under them by eliminating funding for the loan guarantee program.

SEIA respectfully requests that the Senate CR preserve the \$2.5 billion appropriated to DOE for loan guarantees under Section 1705 as well as DOE's existing \$18.5 billion of loan authority under the Section 1703 program. We also ask that the Section 1703 program be modified to include commercial technologies, allow a project's credit subsidy cost to be cost-shared by the developer and DOE, and permit projects to sell power to federal entities such as TVA.

The DOE loan guarantee funds that would be eliminated by H.R. 1 are not simply excess appropriated dollars sitting in an agency's reserve account. Every dollar will be spent on clean energy projects that have been identified by DOE as viable, creditworthy, and projects that will significantly contribute to our nation's energy needs. It is both unfair and short-sighted to change the rules late in the game. It is for these reasons that we strongly urge the Senate to preserve the DOE Loan Guarantee Program rather than dismantle it, as proposed by the House.

Thank you for your leadership in support of renewable solar energy.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rhone Resch".

Rhone Resch
President and Chief Executive Officer

cc: United States Senate