



July 10, 2009

Dr. Peter Orszag
Director
Office of Management and Budget
Executive Office of the President
Eisenhower Executive Office Building
Washington, DC 20503

Dear Dr. Orszag:

Thank you for meeting with a delegation of senior executives representing our respective industries on June 23 to discuss the way forward for implementing the U.S. Department of Energy's Loan Guarantee Program. We appreciate your time and the thoughts you shared.

We do not agree, however, that we must choose between prompt roll-out of a flawed Loan Guarantee Program (that reflects no changes to the unworkable rules governing the Section 1703 program) and a corrected, but substantially delayed, program. We believe that a case-by-case approach, implemented through technology-specific solicitations, lacks transparency and certainty and will lead to greater delays in negotiating final agreements. Many of the suggestions raised in the letter to the President were proposed to OMB by the DOE months ago and, with OMB clearance, could be promptly reflected in the terms of the solicitations that DOE plans to issue commencing in July.

In response to the concerns raised about risk shifting, we note that our recommendations are fully protective of the taxpayers' interests, are drawn from commercial lending practices and are consistent with successful credit management practices in other federal credit programs.

We do appreciate your point that lead responsibility for some issues (such as recognizing an undivided interest as a "project" under the Final Rule, Federal Financing Bank funding the guaranteed portion of a partially guaranteed loan, and expeditious compliance with NEPA) lies with DOE more than OMB. DOE has, since the prior Administration, revised its views of the legal requirements of the Act and the Final Rule –

e.g., with respect to the Secretary's degree of discretion in determining the appropriate scope of a project's collateral package, sharing that collateral with co-lenders, and waiving his right under the Final Rule arbitrarily to cancel a conditional commitment. We trust that OMB will support those legal judgments.

We also appreciate and accept the suggestion of a follow-up meeting to discuss the technical issues raised by the adjustments to the Final Rule suggested in our May 19, 2009, letter to the President. We would welcome that meeting at the earliest convenience of your staff and will arrange appropriate representation for the clean energy industries. We also would welcome the participation of Department of Energy representatives.

OMB support is absolutely critical to the success of the Title XVII loan guarantee program. We hope you and your staff will work with DOE to facilitate and expedite deployment of both the Section 1703 and Section 1705 Loan Guarantee Programs in a fashion that can achieve the clean energy and job creation goals that Congress and the Administration intended.

Very truly yours,



Denise Bode
CEO
American Wind Energy Association



Karl Gawell
Executive Director
Geothermal Energy Association




Linda Church Ciocci
Executive Director
National Hydropower Association



Marvin S. Fertel
President and Chief Executive Officer
Nuclear Energy Institute



Rhone Resch
President and Chief Executive Officer
Solar Energy Industries Association



Jessica Bridges
Executive Director
United States Clean Heat and Power Association



Bob Cleaves
President
Biomass Power Association

cc: The Honorable Daniel B. Poneman