

Department of Energy Loan Guarantee Program

Introduction

The Department of Energy’s (DOE) Loan Guarantee Program (LGP) was created in the Energy Policy Act of 2005 to support new and innovative technologies and alleviate the risks involved with moving new technologies to market. Loan guarantees may be offered to companies that generate energy or manufacture energy components.

Since its creation, the Loan Guarantee Program has committed more than \$30 billion in loan guarantees to 40 projects in 38 states and has helped to create more than 60,000 jobs nationwide. More than \$40 billion of private investment in energy generation and manufacturing projects are supported by DOE loan guarantees.

How Loan Guarantees Work

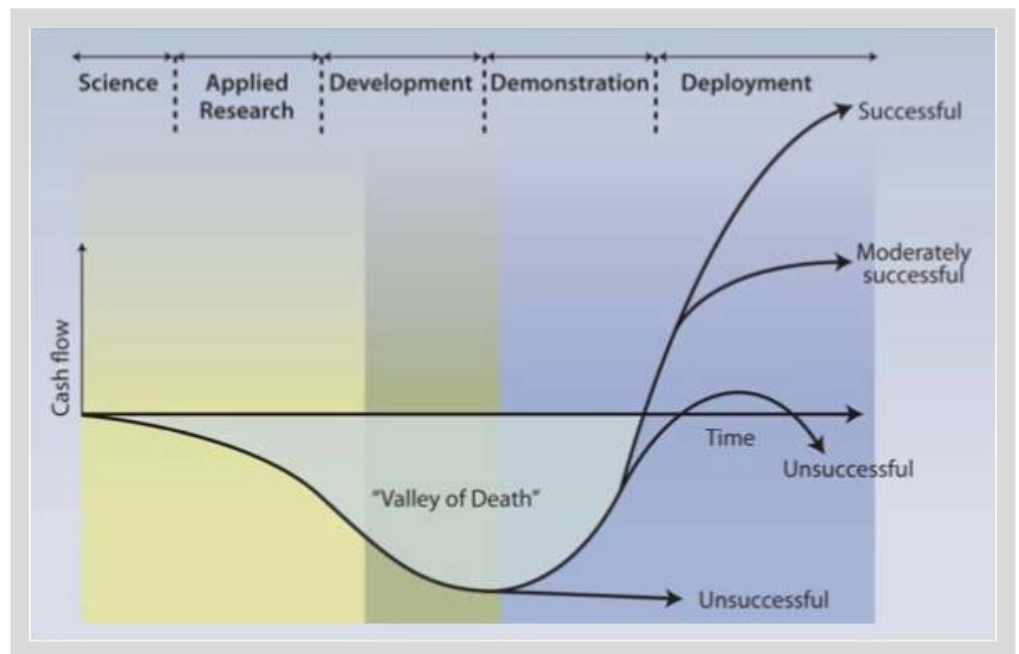
The Loan Guarantee Program was crafted to overcome the great challenges that large nuclear, renewable and other energy projects face obtaining affordable long-term financing in the commercial marketplace. This financing challenge is commonly referred to as the “valley of death.” Through the Loan Guarantee Program, DOE guarantees the debt of privately-held energy generation and manufacturing projects, guaranteeing to a private lender that if the company defaults on a loan related to the project, the government will step in to repay the outstanding balance.

The Loan Guarantee Program is designed to encourage private investment while minimizing risk to the taxpayer. Each dollar appropriated for the program leverages up to thirteen dollars in private sector investment.

Success Stories

The DOE Loan Guarantee Program has achieved a number of notable successes for the solar industry. Chief among these is the finalizing of loan guarantees for eight utility-scale solar power plants in the Southwest, totaling more than 1,700 MW – enough to power nearly 350,000 homes.

These solar power plants, which typically have contracts in place selling the electricity to utilities, are currently under construction, employing thousands of workers and taking advantage of a nationwide supply chain that includes states like Michigan, Kentucky and Alabama.



Source: California Energy Commission

A loan guarantee has also been issued for a distributed generation project which will install solar on commercial rooftops in 28 states across the country.