

WSGR ALERT

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DEPARTMENT OF ENERGY ISSUES NEW LOAN GUARANTEE SOLICITATION FOR RENEWABLE ENERGY TECHNOLOGY MANUFACTURERS

The U.S. Department of Energy (DOE) has issued a new loan guarantee solicitation for renewable energy manufacturing projects under Section 1705 of the Energy Policy Act of 2005 (Title XVII). The Commercial Technology Manufacturing Systems and Components solicitation seeks applications for projects that manufacture commercial technology products supporting the generation of electricity or thermal energy from renewable resources.

Examples of such projects include manufacturing facilities for energy storage systems, wind turbine systems, concentrated solar power systems, solar photovoltaic components, and hydrokinetic components. To be eligible, a project must:

- manufacture renewable energy systems or components that are in general use in any commercial marketplace (i.e., the technology must have been installed and used in at least three commercial projects that have been operational for at least two years);
- be located and create or retain jobs in the U.S.;
- have project costs greater than \$75 million;
- be able to obtain a credit rating equivalent of "BB" or better from Standard & Poor's or Fitch, or "Ba2" or better from Moody's, without the benefit of any credit support, including the DOE loan guarantee; and

- meet all other applicable requirements of Title XVII and Section 1705.

DOE will make available up to \$750 million to pay the credit subsidy costs of the loan guarantees issued under this solicitation.

DOE has implemented a new online application portal (www.doeloan.com) through which applications for the manufacturing loan guarantee must be submitted.¹ Although not as burdensome as previous solicitations, the application process for the manufacturing loan guarantee remains an intensive two-step process with rolling deadlines for each part of the application, as follows:

First round of Part I submissions
..... due September 30, 2010
Second (final) round of Part I submissions
..... due November 30, 2010
First round of Part II submissions
..... due November 30, 2010
Second round of Part II submissions
..... due December 31, 2010
Third (final) round of Part II submissions
..... due January 31, 2011

Part I of the application is a summary description of the project to enable DOE to determine the overall eligibility of the project. Based upon its evaluation of Part I, DOE may invite applicants to proceed with Part II of the application, which provides more detailed project information and responses to DOE's

due diligence requests. Part I and II applications are evaluated by DOE on a continuous basis as received; however, all Part II submissions during a round are competitively evaluated against all other filings submitted during that round, and earlier-round applicants will have priority of review.

Thus, applicants are strongly encouraged to get their applications in early. DOE review and approval typically take several months, and projects must meet all statutory and regulatory requirements and commence construction no later than September 30, 2011. Furthermore, the recent action by Congress to reappropriate \$1.5 billion from DOE's loan guarantee program as part of the Education Jobs and Medicaid Assistance Act may heighten the competitiveness of DOE's loan guarantee application evaluation process.

The full solicitation for this manufacturing loan guarantee (FOA Number DE-SOL-0002197) can be found at <http://www.lgprogram.energy.gov/sol-08-12-10.pdf>.

Wilson Sonsini Goodrich & Rosati's government initiatives practice, led by John Mizroch, former Acting Assistant Secretary of DOE's Office of Energy Efficiency and Renewable Energy, is comprised of a team of legal and other professionals who have

¹Please note that online submission through the new portal is optional for previously issued solicitations.

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successfully represented clean tech companies in federal loan guarantee transactions. Those transactions include loan guarantees for Solyndra and Tesla Motors, as well as several companies currently in Part II of the Section 1705 application process. The government initiatives practice works closely with the firm's project finance and corporate finance teams to structure successful financings for renewable energy and clean technology companies. Please visit http://www.wsgr.com/PDFSearch/ctp_guide.pdf for the firm's guide to project finance for clean technology projects.

Wilson Sonsini Goodrich & Rosati also maintains the Clean Tech Resource Center, an online tool that provides clean technology entrepreneurs and companies with a searchable, easy-to-use source for federal and state government funding opportunities and guidance. The Clean Tech Resource Center is located at <http://www.wsgr.com/cleantech>.

For additional information about this or other government funding opportunities, please contact John Mizroch (jmizroch@wsgr.com), Chris Groobey (cgroobey@wsgr.com), or Andy Hirsch (ahirsch@wsgr.com) at Wilson Sonsini Goodrich & Rosati.



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650 Page Mill Road
Palo Alto, CA 94304-1050
Tel: (650) 493-9300 Fax: (650) 493-6811
email: wsgr_resource@wsgr.com

www.wsgr.com

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