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Department of Energy Announces \$30 Billion Loan Guarantee Program for Renewable Energy Projects and Transmission Grid Modernization

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The U.S. Department of Energy announced last week that it will begin a new round of solicitations for its loan guarantee program. Initial applications under the program are due September 14, 2009. The Department of Energy intends to provide up to \$30 billion in loan guarantees for renewable energy projects and projects that increase the reliability, efficiency, and security of the nation's transmission system. The program relies on funds made available by the Recovery Act as well as through 2009 annual appropriations.

The lending authority includes:

Up to \$8.5 billion in lending authority supported by 2009 annual appropriations for renewable energy.

Up to \$2 billion in subsidy costs, provided by the Recovery Act, to support billions in loans for renewable energy and electric power transmission projects.

Up to \$500 million in subsidy costs to support loans for cutting-edge biofuel projects funded by the Recovery Act.

Up to \$750 million in subsidy costs, provided by the Recovery Act, to support loans for large transmission infrastructure.

The loan guarantee program defines an "Eligible Project" as a project located in the United States that employs a new or significantly improved technology that is not a commercial technology. Foreign ownership or sponsorship of the project is permissible as long as the project is located in the United States. A project will not be eligible if it involves a technology in general use in the commercial marketplace in the United States, which

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is defined as a technology that has been installed in and is being used in three or more commercial projects in the United States in the same general application as in the proposed project and has been in operation in each such commercial project for a period of at least five years.

The current solicitation focuses on projects ready for commercial deployment in the proximate future that (1) avoid, reduce, or sequester air pollutants or anthropogenic emissions of greenhouse gases; (2) employ new or significantly improved technologies as compared to commercial technologies in service in the United States; and (3) provide a reasonable prospect of repayment of the principal and interest of the guarantee obligation and other project debt, which, when combined with the amounts available to the borrower from other sources, will be sufficient to carry out the project. The Department of Energy will consider both manufacturing and stand-alone projects for the loan guarantee program.

Initial applications are due in approximately six weeks on September 14, 2009.

To view the DOE Loan Guarantee website, please click [here](#).

To view the Project Solicitation, please click [here](#).

[back to top](#)

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