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**UNITED STATES  
DEPARTMENT OF ENERGY**

**INSTRUCTIONS FOR APPLICATION FOR LOAN GUARANTEE  
Title XVII Loan Guarantee Program**

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**OVERVIEW**

The Energy Policy Act of 2005 (EPACT 2005 or Act) established a Federal loan guarantee program (LGP or Program) for eligible energy projects that employed innovative technologies (LGP or Program). Title XVII of EPACT 2005 authorizes the Secretary of Energy (Secretary) to make loan guarantees for projects that “avoid, reduce, or sequester air pollutants or anthropogenic emissions of greenhouse gases; and employs new or significantly improved technologies as compared to commercial technologies in service in the United States at the time the guarantee is issued.” As stipulated in the Act, loan guarantees issued by the Department of Energy (DOE) under Title XVII shall be based upon a determination that there is a “reasonable prospect” of repayment by the Borrower of the Guaranteed Obligations. Accordingly, DOE’s Loan Guarantee Program Office (LGPO) has established an application process that will require Applicants to the Program (Applicants) to submit project information in sufficient detail as to allow the LGPO to undertake a thorough analysis of the project’s ability to repay the Guaranteed Obligations, meet policy goals established by the Act and the implementing regulations (10 C.F.R. Part 609) and meet the Program’s loan underwriting criteria. The process of reviewing Applications will consist of the following steps:

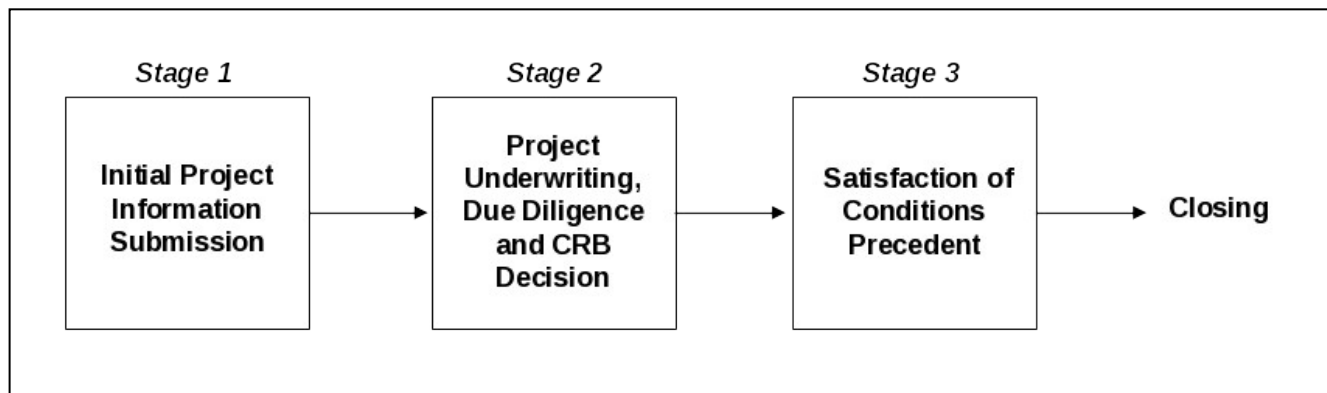
1. **DOE Invitation for Submittals:** Applications for loan guarantees under the Program will be requested by DOE through a notification or solicitation process. To the extent a prospective Applicant is uncertain as to whether a project is eligible, DOE welcomes informal conversations with Applicants at any time. Contact information for the LGPO can be found at <http://www.lgprogram.energy.gov/>.
2. **Application:** An Applicant may submit an Application only after receiving a written invitation from DOE to do so. With the submission of the Application the Applicant must pay the Application Fee (or First Fee). A schedule of Program fees is provided in Attachment A, application guidance in Attachment B, and the application form in Attachment C.
3. **Presentation:** After receiving the Application, DOE will request that the Project Sponsor make an oral presentation regarding the project.
4. **Project Evaluation:** During this period there may be extensive dialogue between LGPO staff and the Applicant regarding all aspects of the project. Based on the information provided by the Applicant, and the results of LGPO’s due diligence, LGPO staff will prepare a project evaluation report and make a recommendation to the Credit Review Board (CRB) as to whether a Term Sheet should be offered to the Applicant. If approved by the CRB a Term Sheet will be offered to the Applicant.
5. **Conditional Commitment:** After further discussions with the Applicant the LGPO will issue a final report to the CRB outlining the changes in the terms and conditions from the Term Sheet offered to the Borrower that will be reflected in a Conditional Commitment if such revised terms and conditions are approved by the CRB. The CRB may impose different or additional terms and conditions. If the Applicant agrees with and executes the final Term Sheet approved by the CRB the Term Sheet becomes a Conditional Commitment. With the execution of the Conditional Commitment, the Applicant must pay the Facility Fee (or Second Fee).
6. **Final Approval of the Loan Guarantee Agreement and Closing:** After all of terms and conditions of the Conditional Commitment have been met by the Applicant, the LGPO will prepare a Record of Decision report for the Secretary for approval of the final terms and conditions and the execution of a



Loan Guarantee Agreement. After approval by the Secretary the LGPO and the Applicant will set a closing date. At or prior to closing the Applicant must pay the Credit Subsidy Cost, and if applicable, all or part of the Maintenance Fee (Third Fee).

### APPLICATION PROCESS

Applications for loan guarantees under Title XVII of EPACT 2005 and the regulations prescribed to carry out the provisions of the Act shall be prepared according to the guidelines provided by DOE (Attachment B). If elements of the application, including attachments thereto, contain information the Applicant considers to be a trade secret, confidential, privileged or otherwise exempt from disclosure under the Freedom of Information Act (FOIA), 5 U.S.C 552, the Applicant shall assert a claim of exemption at the time of application and clearly identify the text on the application that is subject to the claim of exemption. The same requirements shall apply to all submissions of project information. The following pages describe the process and requirements to apply for a loan guarantee at the invitation of DOE. The process for submitting and reviewing applications involves three stages:



The purpose of the staged approach is to ensure that information is exchanged between the Applicant and the LGPO while the proposed project is being developed. This will allow for DOE input regarding its underwriting policies and evaluation criteria and will expedite the decision-making process after the application has been deemed by the LGPO to be complete. Each of the application stages is described below.

#### Stage 1 - Initial Project Information, Update and Application

Stage 1 starts with the initial submission and/or update of key project information. As per the Application Guidelines (Attachment B), the broad areas to be addressed are:

- Background information;
- Project description;
- Technical information;
- Business plan;
- Financing plan; and
- Applicant information.

If the proposed project is selected by DOE for further consideration, the sponsor will make a presentation updating DOE on the current status of the project. (The application process will also be discussed.) Based on the outcome of this meeting, and completeness of the information provided, the sponsor may be invited to



submit a full Application for a DOE loan guarantee. With the submission of the Application the Applicant must pay the Application Fee (or First Fee).

With the receipt of updated pro formas, DOE will calculate a preliminary range of credit subsidy amounts and, subject to further refinement during the underwriting and due diligence process, the range of potential subsidy costs will be communicated to the Applicant.

Notwithstanding the requirement for the Applicant to submit comprehensive information during Stage 1 of the process, DOE recognizes that certain elements of the project's development may not be fully developed at this time. For example, final engineering design, environmental impact statements and other long-lead time items may need to be submitted during Stage 2 of the application process. Regardless, the information submitted during Stage 1 should include the Applicant's best estimate of the timing of completion of these outstanding items, recognizing that the proposed project cannot be presented to the CRB until all project elements have been finalized and the LGPO has completed its underwriting and due diligence review.

### **Stage 2 - Project Underwriting and Due Diligence**

This part of the application process will involve DOE's detailed examination of the project, including reviews of the Applicant's technical information, business and financial plans, and proposed organizational structure and staffing. DOE's due diligence will be conducted during this phase but cannot conclude until all application materials have been received in final form and properly evaluated. To the extent aspects of the project have changed from the information provided during Stage 1, DOE's analysis and conclusions regarding the project may change. Likewise, if a material change occurs after CRB approval, the updated project information will need to be resubmitted to the CRB for review and decision. As such, Applicants should avoid submitting information that may be subject to material changes as this will slow the decision-making process.

The LGPO will undertake the following steps in the review process.

1. **Evaluate Financing Plan:** This involves a thorough review of the sources and uses of funds as proposed by the Applicant. Aspects of the review will involve:
  - Analysis of the adequacy, gearing and timing of the proposed sources of funding (with equity funded either in advance of, or concurrently with, debt during the construction period);
  - Review of the terms and rights of the various funding sources and degree of commitment;
  - Determination of compliance with Program requirements;
  - Assessment of the adequacy of proposed contingency and reserve funding.
2. **Assess Financial Viability:** Based on the financing plan submitted with the application, and projections for future financial performance, DOE will assess the financial viability of the project with specific emphasis on the borrower's expected ability to repay the loan. An important consideration in the financial viability assessment will be an evaluation of the assumptions underlying projected revenues and expenses and the likelihood that assumed technical performance will be achieved.
3. **Determine Technical Efficacy:** This evaluation will commence with a thorough review of the independent engineer's report, including consideration of factors such as environmental impact and infrastructure requirements. DOE may utilize its internal technical resources as well as independent third-party advice in reviewing the project's technical efficacy. DOE encourages each Applicant to be as comprehensive as possible in the procurement of independent engineering advice. Determination of the technical merit of the project will be influenced by the quality of the independent engineering report, including the credentials of the consultant, scope of the undertaking, and strength of the opinions provided.



4. **Review Project Legal Structure:** As part of its due diligence work, the LGPO will review the project's legal structure. This will involve analysis of draft legal agreements among project participants, including equity owners, financing sources, engineering and construction contractors, operation and maintenance contractors, equipment suppliers, host communities, and any other counter-parties of interest. Additionally, a legal review will include an analysis of the intellectual property rights of participants in the project to ensure that the project can use the proposed technology.
5. **Evaluate Project Risks:** As part of its review, DOE will identify, assess and estimate the impact of risks associated with the project. Based on the outcome of the technical, financial and legal reviews, the analysis will seek to determine the types and magnitude of the risks associated with the project, proper risk allocation among the parties, and the extent to which risks have been mitigated.
6. **Perform Financial Model Review and Stress-Testing:** Modeling is a critical tool in assessing the project's expected financial performance and ability to service debt. DOE will verify the Applicant's calculations and quantify the impacts of risks by stress-testing the model to understand how changes in model assumptions can affect the project's capacity to make full and timely repayments of the loan. This will be accomplished through the utilization of the project financial model submitted as part of the application and/or through a financial model developed by DOE.
7. **Assess Strengths and Weakness of Project Sponsor:** This step of the process will examine the sponsor's investment to date and capability to implement the project as proposed from both financial and managerial perspectives. Specific considerations include, but are not limited to:
  - The sponsor's track record in project development and in the specific technology proposed in the application;
  - The project sponsor's financial strength and resources;
  - The strategic value of the project to the sponsors; and
  - The experience and expertise of the management team, particularly as it relates to operation of the proposed project.
8. **Analyze Proposed Collateral:** The Act requires the government to have the highest-ranking position regarding liens and collateral pledged as security for DOE's guaranteed obligations. The value of the collateral will be examined in detail, particularly under default scenarios. This evaluation will be based on the nature of the collateral pledged, appraiser reports submitted by the Applicant, and expected cash availability under a default scenario.
9. **Analyze Environmental Impact:** The National Environmental Policy Act (NEPA) is a federal law which requires all Federal Agencies to consider the potential impacts of their proposed actions. The Application must provide sufficient information to enable DOE to determine the level of NEPA review/approval that will be required for loan guarantee consideration. Should an Environmental Assessment or Environmental Impact Statement be necessary, the Applicant will hire an independent engineering firm, satisfactory to DOE, to prepare a report evaluating the potential environmental impacts of the project. This review should be conducted by an independent third party with specific expertise in preparing the type of assessment required.
10. **Develop Transaction Term Sheet:** Based on its review, and subject to the LGPO's sole determination that the project, as structured, offers a reasonable prospect for repayment, the LGPO will negotiate transaction terms with the Applicant. The outcome of this process, the project's "Term Sheet," containing the key elements of the proposed transaction, will be conditionally binding and include the following additional terms:



- Material change qualifiers;
- A series of conditions precedent to the Secretary's approval;
- Expiration dates;
- Termination provisions for failure to pay fees according to DOE's schedule; and
- Calculation of a refined Credit Subsidy cost.

11. **Credit Review Board Approval/Disapproval:** The final step of Stage 2 will be the CRB decision process. This will involve only internal DOE resources as the LGPO prepares the CRB review package (consisting of a Credit Paper and a Term Sheet) and orally presents the project to the CRB for loan guarantee consideration. The CRB will then decide whether to approve the project "as is", approve with conditions, or not approve the project. Should an approved project subsequently experience a material change, the application will have to be re-submitted to the CRB for approval confirmation.

### Stage 3 - Closing Checklist/Satisfaction of Conditions Precedent

This stage will involve the "close-out" of any conditions necessary for obtaining final approval by the Secretary. In addition, DOE will consult with the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury) during this phase. After approval by the CRB, the LGPO will submit the credit subsidy information and the loan guarantee approval documentation to OMB for confirmation of the credit subsidy amount. OMB may require additional information in making its subsidy determination. Specific steps in Stage 3 will include:

1. **Negotiate CRB Conditions:** If the CRB attaches conditions to its approval of the loan guarantee, LGPO will work with the Applicant to resolve and incorporate them into the final documentation.
2. **Update Term Sheet:** Based on the outcome of negotiations and on the conditions precedent stipulated by the CRB, the LGPO will update the Term Sheet.
3. **Facility Fee Payment:** Upon completion of the negotiations of CRB conditions, the Term Sheet will become a Conditional Commitment. At this time, a non-refundable payment of the Facility Fee (Second Fee) will be due in full from the sponsor. Receipt by DOE of the payment will be a precondition to moving forward.
4. **Definitive Financing Documentation:** Negotiate finance and guarantee agreements and final project documents, based on the updated Term Sheet.
5. **Develop Closing Checklist:** Based on the Term Sheet, definitive financing documentation, and any conditions imposed by the CRB for its approval, the LGPO will develop a closing checklist, identifying each condition precedent and step required before financial closing can occur. This will involve actions required of the Applicant and steps that the LGPO will need to take in coordinating its internal activities as well as activities of other agencies, such as Treasury and OMB.
6. **Obtain Final Credit Rating:** Based on the project's final characteristics, the Applicant shall deliver to the LGPO a final credit rating from a nationally recognized credit rating agency.
7. **Obtain Final LGPO Calculation of Credit Subsidy:** Upon delivery of the sponsor's credit rating, LGPO will consider this information in its final calculation of the credit subsidy amount, which will be confirmed by OMB.



## *Application Process Overview*

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8. **Prepare Signature Package for Secretary:** Once all of the items on the closing checklist have been satisfied and OMB has confirmed the credit subsidy amount, the LGPO will submit the transaction documents for the Secretary's signature.
  
9. **Close Transaction:** Transaction closing shall commence with receipt by DOE of the credit subsidy cost payment and, if applicable, all or part of the Maintenance Fee (Third Fee).

# **Attachment A**

## **Fee Schedule**



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**UNITED STATES  
DEPARTMENT OF ENERGY**

**FEE SCHEDULE FOR LOAN GUARANTEE  
Title XVII Loan Guarantee Program**

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**LOAN GUARANTEE FEE STRUCTURE:**

Type of Fee	Loan Guarantee Amount	Fee Amount
<b>I. <u>Application</u> (First Fee)</b>	\$0 - \$150,000,000	\$10,000
	\$151,000,000 - \$500,000,000	\$25,000
	Above \$500,000,000	\$50,000
<b>II. <u>Facility</u> (Second Fee)</b>	\$0 - \$150,000,000	1% of the guaranteed amount
	\$151,000,000 - \$500,000,000	\$375,000 + 0.75% of the guaranteed amount
	Above \$500,000,000	\$1,625,000 + 0.50% of the guaranteed amount
<b>III. <u>Maintenance</u> (Third Fee)</b>	All loan guarantees	\$25,000 per year



# **Attachment B**

## **Application Guidance**



DOE FORM: 540.2 \_\_\_\_\_  
EFFECTIVE DATE: \_\_\_\_\_

FORM APPROVED  
OMB NO. 1910-5134  
EXPIRATION DATE: \_\_\_\_\_

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**UNITED STATES  
DEPARTMENT OF ENERGY**

**APPLICATION GUIDANCE FOR FEDERAL ASSISTANCE  
Title XVII Loan Guarantee Program**

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**Background** This guide reviews the information to be submitted under Title XVII of the Energy Policy Act of 2005 (Title XVII or the Act) for consideration of DOE financing under the Loan Guarantee Program (LGP or the Program). The Program statute is codified under 42 U.S.C. 16511-16514, which established the statutory authority for the U.S. Department of Energy (DOE) to issue loan guarantees to accelerate commercial deployment of innovative energy technologies. DOE will use the information submitted by Applicants to evaluate and select recipients for assistance as authorized under Title XVII. Applicants may be asked to provide additional information during the review and negotiation process. If there are changes to the project after the original application is submitted, the Applicant will promptly provide the updated information to the Loan Guarantee Program Office (LGPO).

**Fee** A non-refundable Application Fee must be paid to the DOE with the submission of the Application.

**Format** Applicants must provide all requested information following the standard format on page 3 of this guideline. Incomplete applications will not be reviewed for consideration of a DOE loan guarantee.

**Submission** The application must be submitted in electronic form.

**Selection** DOE's invitation to submit an application to the LGP does not signify that the project has been approved for assistance. Extension of a loan guarantee is subject to DOE credit review, due diligence, and negotiation of definitive financing, guarantee and project documents on terms and conditions satisfactory in all respects to DOE.

**Information Requests** If an Applicant desires that any information submitted in its original or subsequent application(s) not be released by the DOE to the public, at the time the information is provided the Applicant must: (i) state this request in writing; (ii) clearly identify the information considered sensitive; and (iii) give the reason(s) why it is considered confidential and the competitive harm which could result from the release of such information. DOE will keep such information confidential to the extent permitted by law.

**Warning** It is a crime to knowingly make false statements to a Federal agency. Penalties upon conviction can include a fine and imprisonment. For details, see 18 U.S.C. 1001. Misrepresentation of material facts may also be the basis for denial of financial assistance by the U.S. Department of Energy.



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**APPLICATION FORMAT**

<p><b>Section A: Background Information</b></p> <p>___ 1. Application Form</p> <p>___ 2. Project Name</p> <p>___ 3. Project Eligibility</p> <p>___ 4. State and Local Support</p> <p>___ 5. Project Participants</p> <p>___ 6. Contact Information</p>
<p><b>Section B: Project Description</b></p> <p>___ 1. Overview</p> <p>___ 2. Implementation Schedule</p> <p>___ 3. Location</p> <p>___ 4. Technology</p> <p>___ 5. Cost</p> <p>___ 6. Construction Risks and Mitigation Strategies</p> <p>___ 7. Material Reports</p> <p>___ 8. Status of Approvals</p>
<p><b>Section C: Technical Information</b></p> <p>___ 1. Engineering and Construction Plans</p> <p>___ 2. Operating and Maintenance Plans</p> <p>___ 3. Decommissioning Plan</p> <p>___ 4. Permits and Approvals</p> <p>___ 5. Engineer's Report</p> <p>___ 6. Environmental Report</p>
<p><b>Section D: Business Plan</b></p> <p>___ 1. Financial Analysis</p> <p>___ 2. Market Analysis</p> <p>___ 3. Sponsor Involvement</p> <p>___ 4. Contractual Arrangements</p> <p>___ 5. Management Plan</p> <p>___ 6. Operational Risks and Mitigation Strategies</p> <p>___ 7. Applicant Statement</p> <p>___ 8. Progress Reports</p>
<p><b>Section E: Financing Plan</b></p> <p>___ 1. Sources of Funds</p> <p>___ 2. Letter(s) of Intent</p> <p>___ 3. Closing Checklist</p> <p>___ 4. Information on Other Borrowed Funds</p> <p>___ 5. Collateral</p> <p>___ 6. Preliminary Credit Assessment</p> <p>___ 7. Eligible Lender or Holder Statement</p>
<p><b>Section F: Applicant Information</b></p> <p>___ 1. Background and Legal Structure</p> <p>___ 2. Legal Authority</p> <p>___ 3. Organization</p> <p>___ 4. Prior Experience</p> <p>___ 5. Financial Statements</p> <p>___ 6. Credit History</p> <p>___ 7. Litigation and/or Conflicts</p>
<p><b>Section G: Applicant Certifications</b></p>



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## **SECTION A: Background Information**

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1. **Application Form** Attach a current application form.
2. **Project Name** Assign a short name to the project for purposes of identification.
3. **Project Eligibility** Explain how and to what measure the proposed project will: (i) meet all applicable requirements of Section 1703 of the Act; (ii) achieve substantial environmental benefits (i.e., avoid, reduce or sequester air pollutants and/or anthropogenic emissions of greenhouse gases, including how to measure and verify those benefits); and (iii) employ new or significantly improved technology as compared to commercial technologies currently in service in the United States.
4. **State and Local Support** Describe the status of potential and actual forms, amounts and conditions of state and local support for the project. Provide timelines for such assistance.
5. **Project Participants** List the parties involved with the project, their function and contact information.
6. **Contact Information** Provide the mailing address of the Applicant and phone, fax and e-mail address of the project point of contact for DOE.



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## **SECTION B: Project Description**

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1. **Overview** Describe the nature and scope of the proposed project, including purpose, design features, capacity and estimated total capital cost. Provide the DUNS and NAIC code numbers for the project.
2. **Implementation Schedule** Provide a timeline of the estimated start and completion dates for each major phase or milestone of the project from construction through start of operations. Indicate the Applicant's current location on these timelines.
3. **Location** Identify the proposed location of the project and rationale for the site selection.
4. **Technology** Describe the new or significantly improved technology(ies) to be employed in the project and their commercial application/ Provide supporting information (e.g., process flow diagrams, equipment descriptions). Describe the Applicant's rights to such technologies, including the status and expiration date of all licensing agreements required for the project. Finally, explain how the Applicant intends to assure, to the extent possible, the further commercial availability of the technology(ies) in the United States.
5. **Cost** Provide a detailed estimate of total project cost including a breakdown by cost category, year of expenditure and bases for amounts (i.e., methodology and assumptions used). Also indicate whether these costs are firm (either already expensed or secured by contract) or subject to change. Distinguish between program eligible and non-eligible costs as defined for the Loan Guarantee Program in Section II. C of the Final Rule.
6. **Construction Risks and Mitigation Strategies** Identify and evaluate significant risks to project completion (e.g., cost escalation, receiving approvals, litigation) and mitigation strategies (e.g., fixed-price contracts, liquidated damages, warranties or other incentive/disincentive arrangements).
7. **Material Reports** Provide a copy of all legal opinions, and other material reports, analyses, and reviews concerning the project.
8. **Status of Approvals** List the status and estimated completion date of the project-related applications or approvals for Federal, state and local permits and authorizations to site, construct and operate the project. Explain whether governmental entities (other than DOE) must approve the submission of the Application packet, the funding of activities, or the carrying out of activities as described in the Application. Provide relevant documentation.



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## **SECTION C: Technical Information**

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- 1. Engineering and Construction Plans** List the engineering and design contractor(s), construction contractor(s), and equipment supplier(s) to be involved in the project, their major activity and cost milestones, and performance guarantees (e.g., bonds, liquidated damages provisions and equipment warranties to be available). Provide their experience and qualifications as they relate to the proposed project.
- 2. Operating and Maintenance Plans** Describe the plans for operating and maintaining the project, including the proposed providers, their expected staffing requirements, major parts inventory, maintenance schedules, planned downtime, and any performance guarantees and related liquidated damage provisions.
- 3. Decommissioning Plan** Provide a detailed description of the project decommissioning, deconstruction and disposal plan, the anticipated costs, and arrangements to ensure the necessary funding will be available when needed.
- 4. Permits and Approvals** The Applicant shall provide a complete list of federal, state and local permits and approvals required to implement the project, including environmental authorizations or reviews necessary to commence construction. For approvals already received, provide the filing and approval dates and parties involved; for those not yet received, provide the filing date, steps to be taken to obtain them, and expected date(s) they will be obtained.
- 5. Engineer's Report** Include as an appendix an independent engineering report prepared by an engineer with experience in the industry and familiarity with similar projects. The report should comprehensively evaluate the project siting and permitting, engineering and design, contractual requirements and arrangements, environmental compliance, testing and commissioning, and operations and maintenance.
- 6. Environmental Report** The National Environmental Policy Act (NEPA) is a federal law which requires all Federal Agencies to consider the potential impacts of their proposed actions. Discuss in detail expected timelines for project regulatory approvals, current NEPA status and state and local reviews, existing or threatened legislation/regulation or legal litigation that could impact the project, current administrative or court proceedings underway, and the status of any appeals. Also describe the project's anticipated air pollution and greenhouse gas reduction benefits and ability to avoid, reduce, or sequester air pollutants or anthropogenic emissions of greenhouse gases.

The Application must provide sufficient information to enable DOE to determine the level of NEPA review/approval that will be required for loan guarantee consideration (i.e., whether the project needs no NEPA review [categorically excluded], an environmental assessment [EA] or an environmental impact statement [EIS]. Should it be determined by DOE that either an EA or an EIS is necessary, the Applicant will hire an independent engineering firm, satisfactory to DOE, to prepare a report evaluating the potential environmental impacts of the project. The review of potential environmental impacts should be conducted by an independent third party with specific expertise in preparing the type of assessment required. (DOE can provide the names of pre-approved environmental firms who have satisfactorily completed NEPA work for the Department.)



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## **SECTION D: Business Plan**

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The Applicant shall provide a business plan demonstrating its expertise, financial strength and management capability to undertake and operate the project as proposed. The business plan shall also present a detailed analysis of the construction and performance-related risks associated with the project and safeguards/risk mitigation strategies to be employed, as well as a comprehensive project implementation plan for integrating and monitoring the various phases of the project. Taken together, the components of the business plan shall provide analyses demonstrating that, at the time of the application, there is reasonable prospect that the borrower will be able to repay the guarantee obligations (including interest) according to their terms, and a complete description of the operational and financial assumptions and methodologies on which this demonstration is based. The conclusions of the business plan shall include a statement from the Applicant that it believes there is a reasonable prospect that the guaranteed obligations will be fully paid from project revenue according to the terms proposed in the application.

- 1. Financial Analysis** Provide a quarterly sources and uses of funds statement for the construction period, prepared in US GAAP, showing the timing and amount of expected equity and debt funding by institution, as well as a full set of financial projections (income statements, balance sheets and cash flow statements) prepared according to US GAAP for the tenor of the proposed Guaranteed Obligations. List the major assumptions in a separate worksheet of the model. Calculate at a minimum the current, leverage and debt service coverage ratios based on the expected tenor of a DOE-guaranteed loan. Discuss the principal factors that could impair the project's ability to meet its debt service obligations.
- 2. Market Analysis** Include an analysis of the market for each product to be sold by the project. Also discuss the prevailing economic and demographic trends in the target market, justification for revenue projections (price and volume), and potential competitors/substitutes. Provide evidence that a market exists for the products and an assessment of the market potential for the proposed technology beyond the project currently being proposed by the Applicant. Describe any sales arrangements (e.g., off-take agreements) that exist or are contemplated, including summaries of their key terms and conditions and executed letters of intent, as applicable. DOE will conduct its own market analysis of the project.
- 3. Sponsor Involvement** Describe the project sponsor's capabilities, financial strength and investment both in the project to date and as anticipated during the operational phase of the project (e.g., continuing financial support). Detail the project's strategic significance to the sponsor.
- 4. Contractual Arrangements** Provide a copy of all material agreements (whether entered into or proposed) for the design, construction, start-up and operation of the project (e.g., engineering, raw material supply, commissioning and maintenance).
- 5. Management Plan** Provide an organizational chart showing the staff and positions expected to operate the project, their qualifications and track record. Describe the plan for operating the project.
- 6. Operational Risks and Mitigation Strategies** Based on the business plan information above, prepare a SWOT analysis showing the Strengths, Weaknesses, Opportunities and Threats for successful operation of the project (e.g., price declines, scarcity of raw materials, dependence on a particular technology supplier) and mitigation strategies.
- 7. Applicant Statement** Based on the project information provided by the Applicant for DOE consideration of a loan guarantee, the Applicant hereby attests that there is a reasonable prospect that the Guaranteed Obligations will be paid on time and in full (including interest) from project cash flow according to the terms proposed in the Application.



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- 8. Progress Reports** The Applicant will provide project progress reports to LGPO or its Agent(s) during the construction and start-up phases on a monthly basis (the first such report to be submitted within 30 days of notification of CRB approval), comparing actual timing, cost and financing against the original budget and previous month. Each report will explain the reason(s) for any significant variance(s) during the quarter and likely impact on the project going forward. During the operational phase of the project, the Applicant will provide financial statements, prepared in US GAAP, to LGPO on a quarterly basis (consisting of an income statement, balance sheet and cash flow statement), with certification by the Applicant that the statements are true and correct. At all times, from receipt by LGPO of an Application, until the Guaranteed Obligation is fully re-paid, the Applicant will be obligated to inform LGPO expeditiously of any condition having, or potentially having, a material adverse effect on either the project or the ability of the parties to carry out their obligations. The LGPO reserves the right to require submission of additional information as it deems necessary.





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## SECTION E: Financing Plan

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- 1. Sources of Funds** List all proposed sources of funding by provider, aggregate amount and type. Include a schedule showing the expected amount and timing of disbursements.
- 2. Letter(s) of Intent** For financing other than from the Federal Financing Bank (FFB), provide an executed letter of intent from the Applicant's debt and equity financing sources, which include the terms and the conditions precedent to funding. Submission of financing documents, and acceptance of terms and conditions by DOE, will be a condition precedent for closing of a loan guarantee transaction.
- 3. Closing Checklist** Provide a copy of the financial closing checklist for all sources of financing to the extent available.
- 4. Information on Other Borrowed Funds** Provide information on the other types of expected borrowing, including type(s) of credit instrument(s) to be issued, security to be pledged for such borrowing, its priority with respect to the security pledged to the Loan Guarantee Program instrument, and details of structuring.
- 5. Collateral** Describe and value all assets to serve as collateral for the Guaranteed Obligations. Valuations must be supported by independent, third-party appraisals for existing assets, and/or adequate cost substantiation for assets to be constructed for the purpose of the project, and in all cases acceptable to DOE. An appraisal of real property must be performed by a licensed or certified appraiser consistent with the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation. Provide information on the useful life of all physical assets, including a depreciation schedule (in accordance with US GAAP), pledged as collateral.
- 6. Preliminary Credit Assessment** For projects where the estimated total cost is \$25 million or greater, provide a preliminary credit assessment for the project (excluding the loan guarantee) from a nationally recognized rating agency. The assessment shall examine the project as structured, but in the absence of a loan guarantee from DOE and shall identify any material assumptions utilized by the rating agency in its analysis. DOE will require a final credit rating as a condition of financial close. For projects where the estimated total cost is less than \$25 million, in the sole discretion of the Secretary, DOE may require such an assessment as well.
- 7. Eligible Lender or Holder Statement** If funds are also to be provided by lenders other than FFB, provide the name of each such lender, the amount, terms and conditions of their expected financing, documentation detailing their financial strength, experience with other federal programs, and any other information deemed material to the Application. If such a lender intends to sell participations in the loan, include a plan of syndication giving the lender's approach and track record with similar transactions. If such a lender contemplates a bond financing, include the lender's plan regarding size and timing of issuance, use of SEC registration, key terms and conditions, and marketing strategy. Also provide the lender's qualifications and track record in undertaking similar size financings in the capital markets. Include with the Application written affirmation from an officer of the Eligible Lender or other Holder: (i) describing its current involvement with DOE's and other Federal agencies' loan guarantee programs; and (ii) that it is in good standing with all such programs.



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## **SECTION F: Applicant Information**

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- 1. Background and Legal Structure** Describe the Applicant's history, ownership, and legal structure (e.g., state governmental agency, local governmental agency, corporation, or partnership) and the relationship between the Applicant and the borrower. Include a copy of the statutory authority under which the entity was created.
- 2. Legal Authority** Describe the legal authority of the Applicant to carry out the proposed project activities (e.g., issuing debt, charging fees). Provide supporting documentation.
- 3. Organization** Provide an organizational chart showing the Applicant's structure, relationship to any subsidiaries or affiliates, and to the project. Advise if there are any proposed changes to the current organizational structure. List the full names (including middle name or initial), home address (including zip code), date of birth and taxpayer identification/social security number of key staff to be involved with the project. DOE may request additional documentation as part of the project evaluation process.
- 4. Prior Experience** Describe the Applicant's and team members' prior experience as it relates to carrying out projects similar to the one being proposed. Include the Applicant's track record of completing projects on time and on budget, and operational results.
- 5. Financial Statements** Provide audited financial statements and associated notes for the past three years (or during the full time in operation, if less), prepared in US GAAP by an independent certified public accountant firm acceptable to DOE. Include the Applicant's quarterly financial statements and associated notes for the current fiscal year, supported by a letter from the appropriate company financial official certifying their correctness.
- 6. Credit History** Include a credit history of the Applicant and any party owning or controlling, by itself and/or through individuals in common or affiliated business entities, a five percent or greater interest in the project or the Applicant. Provide their full names (including middle name or initial), home or business address as appropriate (including zip code), date of birth and taxpayer identification/social security number. DOE may request additional documentation as part of the project evaluation process.
- 7. Litigation and/or Conflicts** Disclose any current, threatened, or pending litigation involving the Applicant related to permitting, public involvement, environmental irregularities, construction defects, securities fraud, conflict of interest, failure to perform under a state or Federal contract, or other charges which may reflect on the Applicant's financial position or ability to complete the project.



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### **SECTION G: Applicant Certifications**

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In submitting an Application for financial assistance under DOE's Loan Guarantee Program, Applicants must provide certain certifications and assurances regarding the items listed below. The form, entitled U.S. Department of Energy Loan Guarantee Certifications And Assurances, can be downloaded from the DOE website: [http://www.management.energy.gov/business\\_doe/business\\_forms.htm](http://www.management.energy.gov/business_doe/business_forms.htm). DOE may require that Applicants provide additional certifications or supporting documentation as part of the project evaluation process.

**Attachment C**

**Application Form**



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**U.S. Department of Energy Loan Guarantee for Projects that Employ Innovative Technologies**

This form is for use of Applicants seeking a U.S. Department of Energy Loan Guarantee pursuant to Title XVII of the Energy Policy Act of 2005, Public Law 109-58 (22 USC 16511, et seq.) and is governed by 10 CFR Part 609. After completing this form, please print two copies. Next, click on the "Submit by Email" button above to submit this data electronically. Select "Other" to save this data in an electronic format. Email this file to the Loan Guarantee Program Office at [lgprogram@hq.doe.gov](mailto:lgprogram@hq.doe.gov). Upload supporting documentation using DOE's Industry Interactive Procurement System (<https://e-center.doe.gov>) and submit two hard copies to the address below. It is highly recommended that all hard copies be sent via Express Mail. For more information, please visit our website at <http://www.lgprogram.energy.gov>.

Mail All Paper Copies to:

Director  
U.S. DOE Loan Guarantee Program Office  
1000 Independence Ave, SW  
Washington, DC 20585-0121

If you need assistance or have any questions please contact the Loan Guarantee Program Office at (202) 586-8336 or email us at [lgprogram@hq.doe.gov](mailto:lgprogram@hq.doe.gov).

In reference to DOE Solicitation No. \_\_\_\_\_  
Invitation No. \_\_\_\_\_

**GENERAL INFORMATION**

<b>Organization Name</b>		<b>Federal Tax ID or Social Security No.</b>
<b>Contact Last Name</b>	<b>First Name</b>	<b>Position/Title</b>
<b>Phone Number</b>	<b>Fax Number</b>	
<b>Address</b>		
<b>City</b>	<b>State</b>	<b>9 Digit Zip Code</b>
<b>Email</b>	<b>DUNS Number</b>	<b>NAIC Number</b>
<b>Project Location – City</b>	<b>State</b>	<b>9 Digit Zip Code</b>

**PROJECT SPONSORS (ASSET HOLDERS) WITH EQUITY OF 5 PERCENT OR MORE**

<b>Organization Name</b>		<b>Federal Tax ID or Social Security No.</b>
<b>Contact Last Name</b>	<b>First Name</b>	<b>Position/Title</b>
<b>Phone Number</b>	<b>Fax Number</b>	
<b>Address</b>		
<b>City</b>	<b>State</b>	<b>9 Digit Zip Code</b>



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<b>Organization Name</b>		<b>Federal Tax ID or Social Security No.</b>
<b>Contact Last Name</b>	<b>First Name</b>	<b>Position/Title</b>
<b>Phone Number</b>		<b>Fax Number</b>
<b>Address</b>		
<b>City</b>	<b>State</b>	<b>9 Digit Zip Code</b>

<b>Organization Name</b>		<b>Federal Tax ID or Social Security No.</b>
<b>Contact Last Name</b>	<b>First Name</b>	<b>Position/Title</b>
<b>Phone Number</b>		<b>Fax Number</b>
<b>Address</b>		
<b>City</b>	<b>State</b>	<b>9 Digit Zip Code</b>

<b>Organization Name</b>		<b>Federal Tax ID or Social Security No.</b>
<b>Contact Last Name</b>	<b>First Name</b>	<b>Position/Title</b>
<b>Phone Number</b>		<b>Fax Number</b>
<b>Address</b>		
<b>City</b>	<b>State</b>	<b>9 Digit Zip Code</b>

<b>Organization Name</b>		<b>Federal Tax ID or Social Security No.</b>
<b>Contact Last Name</b>	<b>First Name</b>	<b>Position/Title</b>
<b>Phone Number</b>		<b>Fax Number</b>
<b>Address</b>		
<b>City</b>	<b>State</b>	<b>9 Digit Zip Code</b>



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**SUMMARY OF LOAN GUARANTEE REQUEST**

Requested Period of Guarantee	_____ yrs	Total Project Costs*	\$ _____
Equity*	\$ _____	Proposed Guaranteed Amount*	\$ _____
Debt*	\$ _____	Requested Loan Guarantee to Debt Instrument	_____ %
Debt to Equity Ratio	_____ :	Requested Loan Guarantee to Total Project Costs	_____ %

\* Please indicate dollars in millions

**CATEGORY OF PROJECT**

Category	Description	Check Box
1	Renewable Energy Systems	<input type="checkbox"/>
2	Advanced Fossil Energy Technology (including coal gasification meeting the criteria in paragraph 1703 (d) of EPAAct 2005)	<input type="checkbox"/>
3	Hydrogen fuel cell technology for residential, industrial or transportation applications	<input type="checkbox"/>
4	Advanced nuclear energy facilities	<input type="checkbox"/>
5	Carbon capture and sequestration practices and technologies, including agricultural and forestry practices that store and sequester carbon	<input type="checkbox"/>
6	Efficient electrical generation, transmission and distribution technologies	<input type="checkbox"/>
7	Efficient end-use energy technologies	<input type="checkbox"/>
8	Production facilities for fuel efficient vehicles including hybrid and advanced diesel vehicles	<input type="checkbox"/>
9	Pollution control equipment	<input type="checkbox"/>
10	Refineries, meaning facilities at which crude oil is refined into gasoline	<input type="checkbox"/>

**PRIVACY ACT NOTICE**

Title XVII of the Energy Policy Act of 2005 authorizes the collection of this information. The primary use of this information is by the Loan Guarantee Program Office of the Department of Energy in their review of applications for loan guarantees under Title XVII. Additional disclosures of this information may be made as required by law. Where the information provided is a social security number, the provision of the information is voluntary but failure to disclose may result in disapproval of the application.

This information collection provides the following assurance of confidentiality to respondents, under the Freedom of Information Act (5 U.S.C. 552):

“Patentable ideas, trade secrets, proprietary, or confidential commercial or financial information, disclosure of which may harm the applicant, should be included in an Application only when such information is necessary to convey an understanding of the proposed project. The use and



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disclosure of such data may be restricted, provided the applicant includes the following legend on the first page of the project narrative and specifies the pages of the Application which are to be restricted:

‘The data contained in pages \_\_\_\_\_ of this Application have been submitted in confidence and contain trade secrets or proprietary information, and such data shall be used or disclosed only for evaluation purposes, provided that if this applicant receives an award as a result of or in connection with the submission of this Application, DOE shall have the right to use or disclose the data herein to the extent provided in the award. This restriction does not limit the government’s right to use or disclose data obtained without restriction from any source, including the applicant.’

“To protect such data, each line or paragraph on the pages containing such data must be specifically identified and marked with a legend similar to the following:

‘The following contains proprietary information that (name of applicant) requests not be released to persons outside the Government, except for purposes of review and evaluation.’”

**BURDEN DISCLOSURE STATEMENT**

This data is being collected to support applications for loan guarantees from the Department of Energy under Title XVII of the Energy Policy Act of 2005 (22 USC 16511, *et seq.*). The data you supply will be used for the review of business and credit risks relating to projects which qualify for loan guarantees under Title XVII.

Public reporting burden for this collection of information is estimated to average 10.36 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of the Chief Information Officer, Records Management Division, IM-23, U.S. Department of Energy, 1000 Independence Ave SW, Washington, DC, 20585-1290; and to the Office of Management and Budget, OIRA, Washington, DC 20503.

Notwithstanding any other provision of the law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

Submission of this data is required to obtain a guarantee of the repayment of principal and interest on loans relating to projects that qualify for such guarantees under Title XVII of the Energy Policy Act of 2005 (22 USC 16511, *et seq.*).





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**CERTIFICATION**

The undersigned certifies that the data and information submitted and the representations made in this Application and any attachments to this Application are true and correct, to the best of the Applicant's knowledge and belief after due diligence, and that the Applicant has not omitted any material facts.

The undersigned further certifies to having full authority to bind the Applicant.

Applicant (Organization Name)

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Name of Applicant's Authorized Officer ( <i>will fulfill on-line certification</i> )	Title
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Signature of authorized officer ( <i>for paper copy only</i> )	Date
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