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Advanced Fossil Energy Projects Solicitation FAQ

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Can I comment on the draft Advanced Fossil Energy Projects Solicitation?

The comment period ended on September 9, 2013. On and prior to that date, comments were accepted by email to DraftLPOFossilSolicitationComments@hq.doe.gov or in writing to David G. Frantz, Deputy Executive Director, Loan Programs Office, U.S. Department of Energy, 1000 Independence Avenue SW., Washington, DC 20585. Comments also were accepted during Public Comment Meetings at DOE's Forrestal Building, 1000 Independence Ave, SW, Washington, DC, Room 6E-069, on the following dates:

<u>Date</u>	<u>Time</u>
July 31, 2013	1:30 p.m. – 3:30 p.m.
August 14, 2013	10:00 a.m. – 12:00 p.m.
August 27, 2013	10:00 a.m. – 12:00 p.m.

What comments were made to the draft Advanced Fossil Energy Projects Solicitation and what were LPO's responses?

Can parties interested in the solicitation meet with representatives of the Loan Programs Office ("LPO")?



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Can I comment on the draft Advanced Fossil Energy Projects Solicitation? 

What comments were made to the draft Advanced Fossil Energy Projects Solicitation and what were LPO's responses? 

The comments that were made and LPO's responses to them can be found at on the  [Advanced Fossil Energy Projects Solicitation page](#).

Can parties interested in the solicitation meet with representatives of the Loan Programs Office ("LPO")? 


What are the application dates for the solicitation and how many rounds will there be? 

When will the final solicitation be issued? 

How much of the project costs will DOE guarantee? 

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Does NEPA apply to DOE loan guarantees? 

Does the Davis Bacon Act apply? 



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What comments were made to the draft Advanced Fossil Energy Projects Solicitation and what were LPO's responses? [▶](#)

Can parties interested in the solicitation meet with representatives of the Loan Programs Office ("LPO")? [▼](#)

After the solicitation is issued, LPO intends to have several seminars and webinars that will be open to the public to discuss the solicitation. LPO personnel may have discussions and meetings with potential applicants and their representatives and advisors. You should email LPO.FossilSolicitation.Meetings@hq.doe.gov to request such a meeting. However, there will be restrictions on the content of any of those discussions. For example, LPO personnel can provide guidance that is publicly available to all other potential applicants and their representatives and advisors. However, except as noted below, personnel cannot discuss specific projects prior to the submission of an application. Any discussion of a potential application must be limited to logistical guidance and publicly available information. The NEPA team of the Loan Programs Office can discuss specific projects only with respect to NEPA issues.

What are the application dates for the solicitation and how many rounds will there be? [▶](#)



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While final dates are to be determined, as with earlier solicitations, the Advanced Fossil Energy Projects Solicitation will consist of a two-step process with rolling deadlines.
- [When will the final solicitation be issued?](#) ◀
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What are the application dates for the solicitation and how many rounds will there be?

When will the final solicitation be issued?

Issuance of the final solicitation is dependent on a number of factors, some of which are not within the control of LPO or DOE. Based on information currently available to LPO, LPO is planning for issuance of the final solicitation in the fall of 2013. The schedule for submission of applications depends on when the final solicitation is issued but LPO intends to allow for submission of applications for an extended period.

How much of the project costs will DOE guarantee?

What is dryfracking?



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How much of the project costs will DOE guarantee? [▼](#)

Title XVII of the Energy Policy Act of 2005 allows DOE to guarantee up to 80% of the eligible project costs of a project. Applicants should not expect that DOE will guarantee 80% of the eligible project costs of a project. The amount of senior debt that a particular project can support, after conducting due diligence, will be the key determinant of overall senior debt leverage. Furthermore, DOE's intent is to leverage its support by maximizing the amount of co-lending by private sector senior lenders.

What is dryfracking? [▶](#)



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What is dryfracking?

Dry fracking differs from conventional hydraulic fracturing (or "hydrofracking") in that proposed "dry fracking" techniques use little or no water in their processes. Of particular interest under our solicitation would be dry fracking processes that use CO₂ as a fracturing fluid because the process would sequester some of the CO₂ permanently in the gas formation underground.

[Loan Programs Office \("LPO"\)?](#) ◀

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[Does NEPA apply to DOE loan guarantees?](#) ▼

DOE's loan guarantees are considered major Federal actions and are subject to NEPA review. NEPA compliance is integrated into LPO's decision-making procedures to ensure that environmental impacts are considered throughout the loan guarantee process. The NEPA review must be completed before a loan guarantee can be issued.

[Does the Davis Bacon Act apply?](#) ◀

[Who will pay the credit subsidy cost?](#) ◀

[How is the credit subsidy cost calculated?](#) ◀

[Is there a minimum size of a loan guarantee?](#) ◀

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Does NEPA apply to DOE loan guarantees? ◀

Does the Davis Bacon Act apply? ▼

Yes. Please refer to our [general Q&A page](#) for more details about Davis Bacon Act requirements. [insert link]

Who will pay the credit subsidy cost? ◀

How is the credit subsidy cost calculated? ◀

Is there a minimum size of a loan guarantee? ◀

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Who will pay the credit subsidy cost? ▾

LPO has not received any appropriated funds from Congress to pay the credit subsidy cost for projects applying under this solicitation. Accordingly, the credit subsidy cost must be paid by the borrower at closing.

How is the credit subsidy cost calculated? <

Is there a minimum size of a loan guarantee? <

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[Does NEPA apply to DOE loan guarantees?](#) ◀

[Does the Davis Bacon Act apply?](#) ◀

[Who will pay the credit subsidy cost?](#) ◀

[How is the credit subsidy cost calculated?](#) ▼

Credit subsidy cost is a reserve established by the U.S. government to cover the risk of estimated shortfalls in loan repayments. It was established by the Federal Credit Reform Act of 1990 ("FCRA") and represents the net present value of the estimated long-term cost to the U.S. government of the loan guarantee. Credit subsidy cost is primarily influenced by two key variables:

1. Probability of default; and
2. The "recovery" after default.

These variables are used to "risk adjust" the borrower's principal and interest payments to the government, and provide an estimate of payment shortfalls.

Section 1702(b) of Title XVII provides that DOE must receive either an appropriation for the credit subsidy cost of a loan guarantee or, in lieu of an appropriation, a cash payment of such cost directly from the applicant.

[Is there a minimum size of a loan guarantee?](#) ◀

[Can a U.S. state or local government apply?](#) ◀

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Does the Davis Bacon Act apply? ◀

Who will pay the credit subsidy cost? ◀

How is the credit subsidy cost calculated? ◀

Is there a minimum size of a loan guarantee? ▼

No. LPO has offered conditional commitments for loan guarantees on projects for which total project costs are expected to be less than \$25 million. However, currently there are no special provisions for small business participation in the loan programs, and the application, due diligence, negotiation, and approval processes are time and capital-intensive.

Can a U.S. state or local government apply? ◀

Is the Obama Administration giving up on renewables? ◀



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[Can a U.S. state or local government apply?](#) ▼

Yes. However (subject to limited exceptions) DOE will not be able to issue loan guarantees to projects that will benefit directly or indirectly from certain other forms of federal support, such as grants or other loan guarantees from federal agencies or entities (including DOE), Federal agencies or entities as a customer or off-taker of the project's products or services, or other federal contracts, including acquisitions, leases and other arrangements, that support the project. Applicants are strongly encouraged to consult with DOE representatives for further guidance.

[Is the Obama Administration giving up on renewables?](#) ◀



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No. The Energy Policy Act of 2005 authorizes LPO to support innovative clean energy technologies. LPO is in a unique position to evaluate the feasibility of these innovative technologies and help demonstrate a path to commercialization. Fossil fuels provide more than 80 percent of our energy today, and they will remain the largest source of energy for decades. This solicitation will help ensure that we adopt the technologies to use them more cleanly and efficiently as part of a low carbon future.

This solicitation supports the priorities of the Obama Administration as mentioned in the President's Climate Action Plan.



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