WEBINAR

State Economic Development Executives (SEDE) Network

Hans Riemer, Senior Consultant

March 2024

What LPO Does

There are many areas that are mature from a technology standpoint but not mature from an access to capital standpoint — **that's a nexus where there's a clear mandate for LPO to participate.**

LPO Director Jigar Shah

The **U.S. Department of Energy Loan Programs Office (LPO)** works with the private sector to finance the deployment and scale-up of innovative clean energy technologies, build energy infrastructure and domestic supply chains, create jobs, and reduce emissions in communities across the United States.

What is the Loan Programs Office (LPO)?

LPO is…

the **premier public financing partner** accelerating high-impact energy and manufacturing investments to advance America's economic future.

How do we do it?

- TITLE 17 — Innovative Energy Projects
- TITLE 17 — Innovative Supply Chain Projects
- TITLE 17 — State Energy Financing Institution (SEFI) – Supported Projects
- TITLE 17 — Energy Infrastructure Reinvestment Projects
- ATVM — Advanced Technology Vehicles Manufacturing Program
- TRIBAL — Tribal Energy Financing Program
- CIFIA — Carbon Dioxide Transportation Infrastructure Finance and Innovation

✓ By **providing attractive debt financing** for high-impact, large-scale ($100M+) energy infrastructure projects in the U.S.

✓ With **tens of billions of dollars** in available loan and loan guarantee authority.

✓ Via **seven loan programs & project categories** supporting both innovative and commercial technologies.

Monthly Application Activity Report December 2023

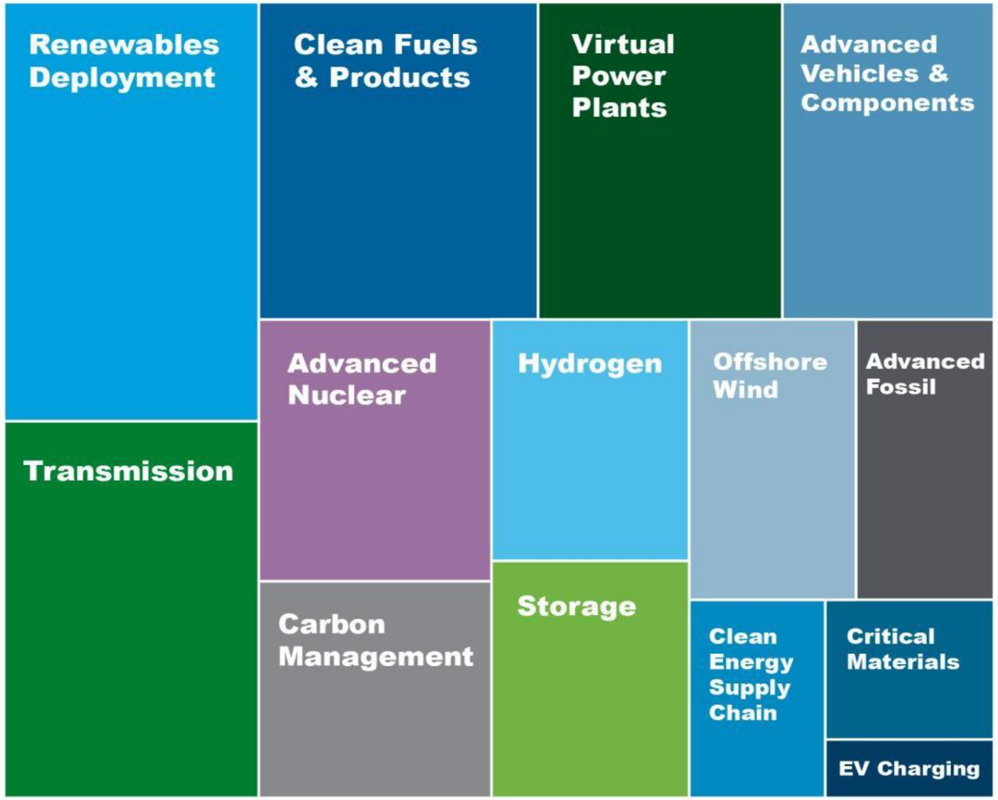
202 **ACTIVE** APPLICATIONS [1]

$214.8 **BILLION** IN LOANS REQUESTED [2]

2.3 **NEW** APPLICATIONS PER WEEK [3]

$214.8 BILLION

CURRENT AMOUNT OF LOANS REQUESTED BROKEN DOWN BY PROJECT TECHNOLOGY SECTORS

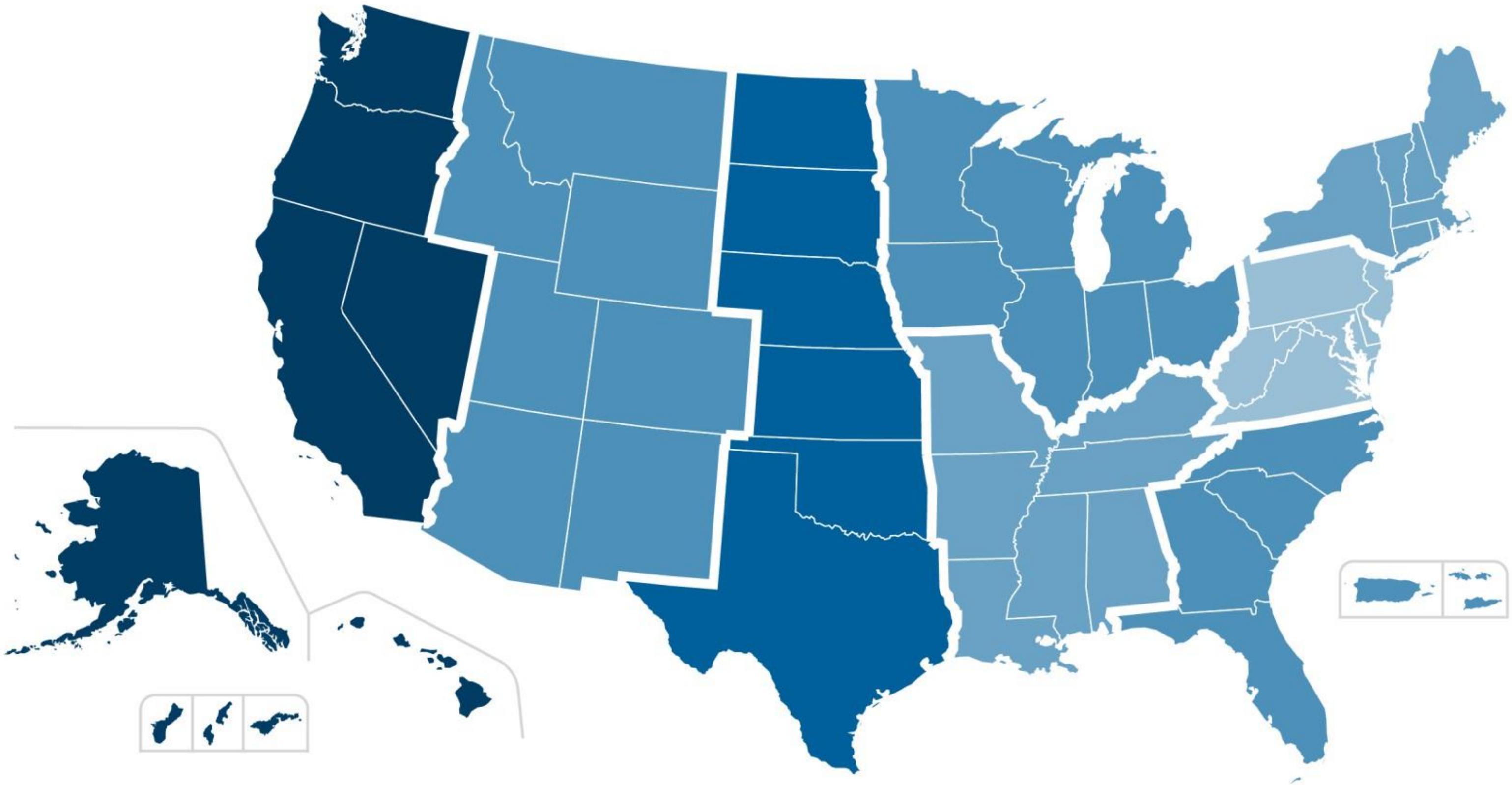


Notes

All data updated through December 31, 2023. For more details and a list of technology areas of interest within each LPO tech sector, see: Energy.gov/LPO/MAAR

1) Active applications include applications that have been submitted by the project sponsor(s) through LPO's online application portal and are in different stages of active review and engagement by LPO and the applicant.
2) Individual requested loan amounts are estimated and potential, subject to change, and not necessarily representative of final financing terms. **Requested loan amounts in current active applications *do not* affect available LPO loan authority.** Figure rounded down to the nearest $0.1 billion.
3) Current rolling average of new active applications per week over the previous 24 weeks. Figure rounded down to the nearest 0.1 application per week.

Monthly Application Activity Report December 2023



202 ACTIVE APPLICATIONS [1] WITH

242 PROPOSED PROJECT LOCATIONS ACROSS ALL REGIONS OF THE U.S. [2]

WEST	AK, CA, HI, NV, OR, WA *(AS, GU, MP)*	53
PLAINS	KS, ND, NE, OK, SD, TX	37
MOUNTAIN	AZ, CO, ID, MT, NM, UT, WY	27
MIDWEST	IA, IL, IN, MI, MN, OH, WI	26
SOUTHEAST	FL, GA, NC, SC *(PR, VI)*	26
NORTHEAST	CT, MA, ME, NH, NY, RI, VT	25
SOUTH	AL, AR, KY, LA, MO, MS, TN	25
MID-ATLANTIC	DE, MD, NJ, PA, VA, WV *(DC)*	23

Notes

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2) Regions depicted are for representation purposes only and are not meant to denote LPO consideration of regional variation in project evaluation.

The Next Generation of LPO Financing

LPO is working with stakeholders across innovative clean energy & advanced transportation sectors

Advanced Vehicles & Components
• Vehicles • Components • Lightweighting • Manufacturing • Electric Vehicle (EV) Battery Manufacturing • Electrification •

Clean Energy Supply Chain
• Solar Manufacturing Supply Chain •

Clean Fuels & Products
• Advanced Biofuels • Biodiesel • Cellulosic Biofuels • Renewable Diesel • Renewable Natural Gas (RNG) • Sustainable Aviation Fuel (SAF) • Waste Conversion •

Critical Materials
• Extraction • Manufacturing • Mining • Processing • Recovery • Recycling •

EV Charging
• Deployment • Manufacturing •

Hydrogen
• Generation • Infrastructure • Transportation •

Offshore Wind
• Offshore Wind Generation • Offshore Wind Supply Chain & Vessels •

Renewables Deployment
• Geothermal • Hydrokinetics • Hydropower • Repowering Onshore Wind • Other Renewables Deployment •

Storage
• EV Bidirectional Storage • Newer Battery Chemistries & Flow Batteries • Compressed Air Energy Storage • Pumped Storage Hydropower • Thermal Energy Storage •

Transmission
• Grid Efficiency • Grid Reliability • High-Voltage Direct Current (HVDC) Systems • Offshore Wind Transmission • Systems Sited Along Rail & Highway Routes •

Virtual Power Plants
• Connected Distributed Energy Resources (DERs) •

Advanced Fossil
• Carbon Feedstock Waste Conversion • Fossil Infrastructure Repurposing & Reinvestment • Hybrid Generation • Hydrogen Generated From Fossil Sources • Synfuel •

Carbon Management
• Carbon Capture & Storage (CCS) • Carbon Dioxide Removal (CDR) • Direct Air Capture (DAC) • Industrial Decarbonization • CO_2 Transportation Infrastructure •

Advanced Nuclear
• Advanced Nuclear Reactors • Micro Reactors • Nuclear Fuel Cycle • Nuclear Supply Chain • Nuclear Uprates & Upgrades • Small Modular Reactors (SMRs) •

Tribal Energy
• Energy Development Projects • Energy Storage • Fossil Energy • Microgrids • Renewable Energy • Transmission Infrastructure • Transportation of Fuels •

State Energy Financing Institution (SEFI) Projects (1703)

TITLE 17

State Energy Financing Institution (SEFI)-Supported Projects (1703)

- ✓ Reduce greenhouse gas emissions.
- ✓ Have a reasonable prospect of repaying the loan, as assessed during LPO's rigorous due diligence.
- ✓ Employ at least one of 13 eligible technologies.
- ✓ Receive meaningful financial support from a SEFI.
- ✓ Projects do not have to use innovative tech.

SEFI Opportunity – What is a SEFI?

"State Energy Financing Institution," or "SEFI," is an LPO designation for a State entity that provides financial support to energy projects.

Potential SEFIs with Examples of Approved SEFIs

State Energy Offices
Ex. Pennsylvania Energy Development Authority

Housing Finance Agencies
Ex. Washington State Housing Finance Commission

Green Banks
Ex. Connecticut Green Bank

Economic Development Authorities
Ex. Alaska Industrial Development and Export Authority

Energy Funds/Lending Centers
Ex. Maryland Clean Energy Center

Other State Agencies
Ex. Ohio Air Quality Development Authority

What state agencies or quasi-public entities fund energy projects in your state?

Note: A local government or independent non-profit (non-quasi government) is generally not a SEFI.

Title 17 Lending Overview

General Terms & Considerations

- The amount of the LPO-guaranteed obligation cannot exceed 80% of eligible project costs (as defined by statute and regulations and determined by LPO).
- The tenor of the guaranteed obligation cannot exceed the lesser of (a) 30 years and (b) 90% of the projected useful life of the assets.
- LPO cannot be subordinated to any other financing.
- With limited exceptions, the project generally cannot benefit (directly or indirectly) from other Federally appropriated funds.
- Projects receiving LPO support must comply with applicable Federal laws and requirements including but not limited to NEPA, Davis Bacon, and the Cargo Preference Act; BABA for government and nonprofit borrowers.

Lender/Guarantee Options

- Direct loan from U.S. Treasury's Federal Financing Bank (FFB) backed by 100% "full faith and credit" DOE guarantee. Note: Applicants **do not** apply directly to FFB; Title 17 loan applications are managed through LPO.
- DOE partial guarantee (up to 90%) of commercial debt from Eligible Lenders.

Interest Rates and Fees

Interest Rate

- Base cost of capital for FFB loans: Treasury + 3/8ths (0.375%)
  - Fixed at the time of each draw according to the Treasury rate for the applicable tenor as of that date
- Credit-based interest rate spread or risk-based charge

Fees & Costs

- No application fees
- Facility fee (due at or before financial close)
  - 0.6% on first $2 billion of commitment; 0.1% for portion exceeding $2 billion
- Maintenance fee annually post-closing
- Applicant pays for both its own and DOE's external advisors as incurred

Additional Project Considerations

- *$100M+:* Due to application-related costs such as technical, market and legal due diligence (including tasks such as producing engineering reports and drafting term sheets), $100M is often considered the point where an LPO loan starts to pencil out.

- *Federal Support Restriction:* Project cannot benefit directly or indirectly from other Federally appropriated funds. Tax benefits that the project is otherwise eligible for generally do not implicate this restriction.

- *Other Requirements:* Davis Bacon Act; NEPA; Community Benefits Plans; Cargo Preference; Build America Buy America for gov/nonprofit borrowers.

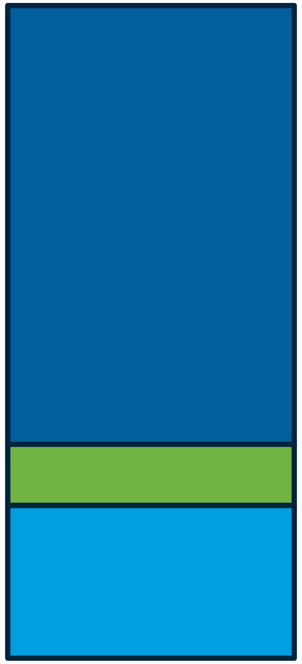
SEFI Opportunity – How SEFIs Can Support Projects

Option 1: SEFI Provides Qualifying Awards to LPO Applicants	**Option 2:** SEFI Bundles Projects into SPV; SPV Applies Directly to LPO
Enables large projects to qualify for LPO financing under the SEFI project category but does not create capital pool for smaller projects.	Creates a capital pool for smaller projects that couldn't apply to LPO on their own. (Note: an SPV is not a requirement.)
SEFI does not need to provide information about the projects.	Requires significant detail about bundled projects, including a portfolio rating.
SEFI is only responsible for providing awarded funds.	Requires the SEFI not only to contribute "meaningful support" but also ensure that the SPV will receive "significant equity" (IFR 609.5(b)(5)) from non-LPO sources.
SEFI exposure is limited to the amount of the award, with no additional requirements.	Means the SEFI would take on risk and have compliance requirements and liabilities, application costs, and upfront fees.

Capital Stack Visual: SEFI As Investor

For larger projects that apply to LPO…

At least 20% of project cost



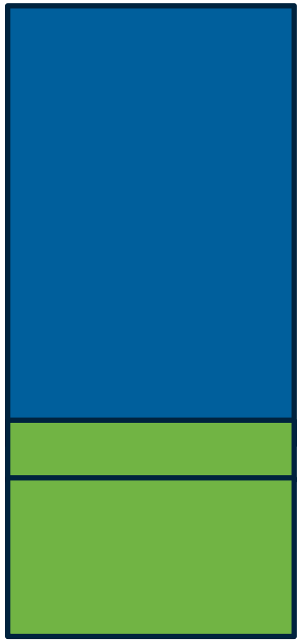
LPO loan (maximum 80% of total project cost, expect less)

SEFI meaningful support investment to qualify under Title 17 with no technology innovation requirement

Sponsor and private equity (could be philanthropic)

Capital Stack Visual: SEFI As Borrower

Purpose is lending to projects that are too small to apply directly to LPO



LPO loan (maximum 80% of total project cost, expect less)

SEFI meaningful support investment to qualify under Title 17 with no technology innovation requirement

Equity capital organized by SEFI; SEFI/SPV is project sponsor and borrower

At least 20% of project cost

Application Instructions on LPO website

TITLE 17 CLEAN ENERGY FINANCING

Loan Programs Office

Loan Programs Office » TITLE 17 CLEAN ENERGY FINANCING

Overview

The following overview summarizes the Title 17 Clean Energy Financing Program. For detailed information on the Clean Energy Financing Program, please refer to:

- **Title 17 Program Guidance:** This Guidance provides a comprehensive program overview.
- **Part I** and **Part II** Application Instructions
- **Title 17 Interim Final Rule** : The Rule amends Title 17 regulations to implement changes that expand or modify program authority and to revise for clarity and organization.
- **Governing Documents:** LPO's programmatic governing documents detail statutory and

TITLE 17 CLEAN ENERGY FINANCING PROGRAM

Part I Application Instructions

OMB Control Number: 1910-5134
OMB Expiration Date: February 28, 2026
Original Issue Date: May 19, 2023

Part I Application Instructions for Title 17 Clean Energy Financing Program
Original Issue Date: May 19, 2023

Contents

PART I APPLICATION INSTRUCTIONS | 2

Fees and Costs

See Program Guidance for details on fees and costs

- *LPO utilizes independent advisors that typically cost $1-3 million*

Third-party Expenses

DOE may, and typically does, utilize independent technical, financial, or other consultants and outside legal counsel in the due diligence of projects, structuring of transactions, and drafting of term sheets and financing documents. Upon DOE's decision to retain an outside advisor, the Project Sponsor will be required to execute an agreement satisfactory to DOE to pay the advisor's fees and expenses.[22] These third-party expenses, which can be in the range of $1-3 million through the closing date, will accrue and shall be payable by the applicant as set forth in the sponsor payment agreement, whether or not the closing date occurs. These third-party expenses constitute Eligible Projects Costs and can be amortized in the loan itself. DOE shall not be financially liable to any independent consultant or outside counsel for services rendered in connection with an application under any circumstances.

In addition, the applicant will be responsible for the payment of the fees and expenses charged by any collateral agent or account bank retained by DOE in connection with the Loan Guarantee Agreement.

Facility Fee

On the closing date of a Loan Guarantee Agreement, all applicants must pay a non-refundable Facility Fee in an amount equal to 0.6% for the portion of the principal amount of the Guaranteed Obligation (net of any capitalized interest) that does not exceed $2 billion. For applications as to which the principal amount of the Guaranteed Obligation (net of any capitalized interest) exceeds $2 billion, applicants pay an amount equal to 0.6% for the portion of the principal amount of the Guaranteed Obligation that does not exceed $2 billion plus, for the portion of the principal amount that exceeds $2 billion, an additional 0.1%.

For example, an applicant for a guaranteed loan in the principal amount of $250,000,000 (net of any capitalized interest) would pay a Facility Fee of $1,500,000 (0.6% of $250,000,000). An applicant for a guaranteed loan of $2.5 billion (net of any capitalized interest) would pay a total Facility Fee of $12,500,000 (0.6% of the first $2 billion, which is $12,000,000; plus 0.1% on the amount over $2 billion, which is 0.1% x $500,000,000 = $500,000).

Maintenance Fee

Applicants must pay a non-refundable annual Maintenance Fee to cover DOE's administrative expenses in servicing and monitoring the Loan Guarantee Agreement from the execution of the Loan Guarantee Agreement through payment in full. The amount of the Maintenance Fee is typically in the range of $150,000-200,000 per calendar year, although can be up to $500,000 depending on the complexity of the loan. The Maintenance Fee shall be paid each year in advance, commencing with payment of a pro-rated annual payment prior to the financial closing date of the Loan Guarantee Agreement, on or prior to the date and in the amount specified in the Loan Guarantee Agreement.

[22] See Section 609.11 of the Title 17 Regulations.

Credit-based Interest Rate Spread

Projects qualifying for Title 17 under SEFI authority are credit rated and assessed a credit-based interest rate spread.

Requests for caps on and/or reductions to such credit-based interest rate spreads are considered based on policy elements and the availability of appropriated funds.

Credit-Based Interest Rate Spread for Title XVII

The Loan Programs Office (LPO) is announcing that a credit-based interest rate spread will be added to certain loans that are issued by the Federal Financing Bank (FFB) and backed by a 100 percent loan guarantee issued by the Department of Energy.

Loans issued by the FFB will carry an interest rate calculated by the following formula:

Interest Rate = Applicable U.S. Treasury Rate for the tenor of the loan + 37.5 basis points (bps) FFB liquidity spread (standard across all Title XVII loans) + Applicable Credit-Based Interest Rate Spread

The credit-based interest rate spread will be applied to Title XVII transactions that:

- Demonstrate the ability to predictably generate sufficient cash flow to service the borrower's debt obligations over the life of the loan guarantee, including transactions that have long-term power purchase agreements, and are not subject to unhedged market-based pricing risk; and
- Are able to provide a rating from a nationally recognized third party credit rating agency that falls within the range of ratings covered in the table below.

The credit-based interest rate spread will be determined based upon the following table. LPO will update this table periodically.

Project Credit Rating	Credit-Based Interest Rate Spread (%)	Final FFB Interest Rate Spread (%)
AAA	0.000	0.375
AAA-	0.000	0.375
AA+	0.000	0.375
AA	0.000	0.375
AA-	0.035	0.410
A+	0.075	0.450
A	0.115	0.490
A-	0.185	0.560
BBB+	0.265	0.640
BBB	0.335	0.710
BBB-	0.525	0.900
BB+	0.725	1.100
BB	0.925	1.300
BB-	1.125	1.500
B+	1.295	1.670
B	1.475	1.850
B-	1.625	2.000

SEFI Potential Projects (1 of 3)

Virtual Power Plants

Following are just a few of the potential models for residential or commercial:

1. Energy office provides SEFI award to national VPP company as LPO applicant to implement in State.
2. Green bank provides SEFI support to program manager as applicant for low-cost loans for consumers.
3. On-bill financing by utility for solar/storage; Utility provides lower rates to consumer by using LPO. SEFI support provides additional incentive for customers.

Affordable Housing

- Affordable housing owner retrofits buildings to create VPPs, achieve net zero.
- Housing agency makes SEFI awards to affordable housing providers who combine as applicant.
- Note: Identifying units and project designs that do not rely upon other federal funds.

District energy systems, higher ed

- Education campus building decarbonization.
- District energy systems with generation potentially eligible for 1706/EIR (do not have to be campus based).
- System operator, project delivery company or school applies to LPO.

SEFI Potential Projects (2 of 3)

Fleet electrification + VPP

- State/muni partners stop buying ICE vehicles, contract with ZEV fleet company to provide vehicles as a service, charging, storage, VPP/grid services. Fleet company applies to LPO for debt to implement project.
- For private sector, SEFI borrows from LPO to provide low-cost financing to companies for fleet upgrades.

Industrial decarb / green jobs

- SEFI provides economic development incentive to company to make decarb investments across multiple facilities. Company applies to LPO.
- Or SEFI borrows to create capital pool for smaller projects.

In all cases, SEFI provides grant or other meaningful support to the project.

SEFI Potential Projects (3 of 3)

Community energy projects

- Tax credits finance majority of cost for renewable portfolio with storage/ VPP serving low-income communities.
- Energy office provides SEFI grant.
- Project developer or municipality applies to LPO for loan to implement project.

Government building decarbonization

- Portfolio of government buildings aggregated; energy projects procured.
- Project company applies to LPO.

Commercial building decarbonization

- Energy administration makes SEFI awards to commercial portfolio for project, allowing project company to borrow from LPO.
- SEFI borrows from LPO to make smaller awards from LPO backed capital pool.

In all cases, SEFI provides grant or other meaningful support to the project.

Before Applying for LPO Financing

Top 10 Questions

All Applicants Should Ask Before Applying to LPO

- Adequate project size?
- Offtake commitments?
- Development capital & project equity?
- Technological readiness?
- Commercial readiness?
- Environmental review?
- Site control & regulatory approval?
- Experience level of management?
- Emissions analysis?
- Projected community benefits?

Let’s Talk About Your Project

Contact LPO to see what financing options may be available for your project

Questions?

Reach out to with SEFI questions to Hans Riemer at hans.riemer@hq.doe.gov or SEFI@hq.doe.gov

Download the full Title 17 Guidance document at: **Energy.gov/LPO/Clean-Energy**

Learn more about LPO and all of its financing programs at: **Energy.gov/LPO**

Qualifying Advanced Energy Project Credit (48C)

Dr. Brian Anderson

Executive Director, Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization

March 7, 2024

IWG Summary

Mission: Not Leave Communities Behind In The Energy Transition

Established: by Executive Order 14008 to lead 11 agencies to guide resources to energy communities

Impact: Initially identified **$38 billion** in federal funding for energy communities… that number is now more than **$500 billion**

Initial Report to the President on Empowering Workers Through Revitalizing Energy Communities, Released April 23, 2021

The Inflation Reduction Act (IRA)

Tax Credits & Loan Guarantees

IRA provides **targeted investments** in energy communities.

- $250 Billion in Authority for Redeveloping & Repurposing
- Bonus Tax Credits for Clean Energy Projects in Energy Communities
- At least $4 Billion of the $10 billion Clean Energy Manufacturing Tax Credits must got to Energy Communities

Workers/Community/EJ

MESC
OFFICE OF MANUFACTURING AND ENERGY SUPPLY CHAINS

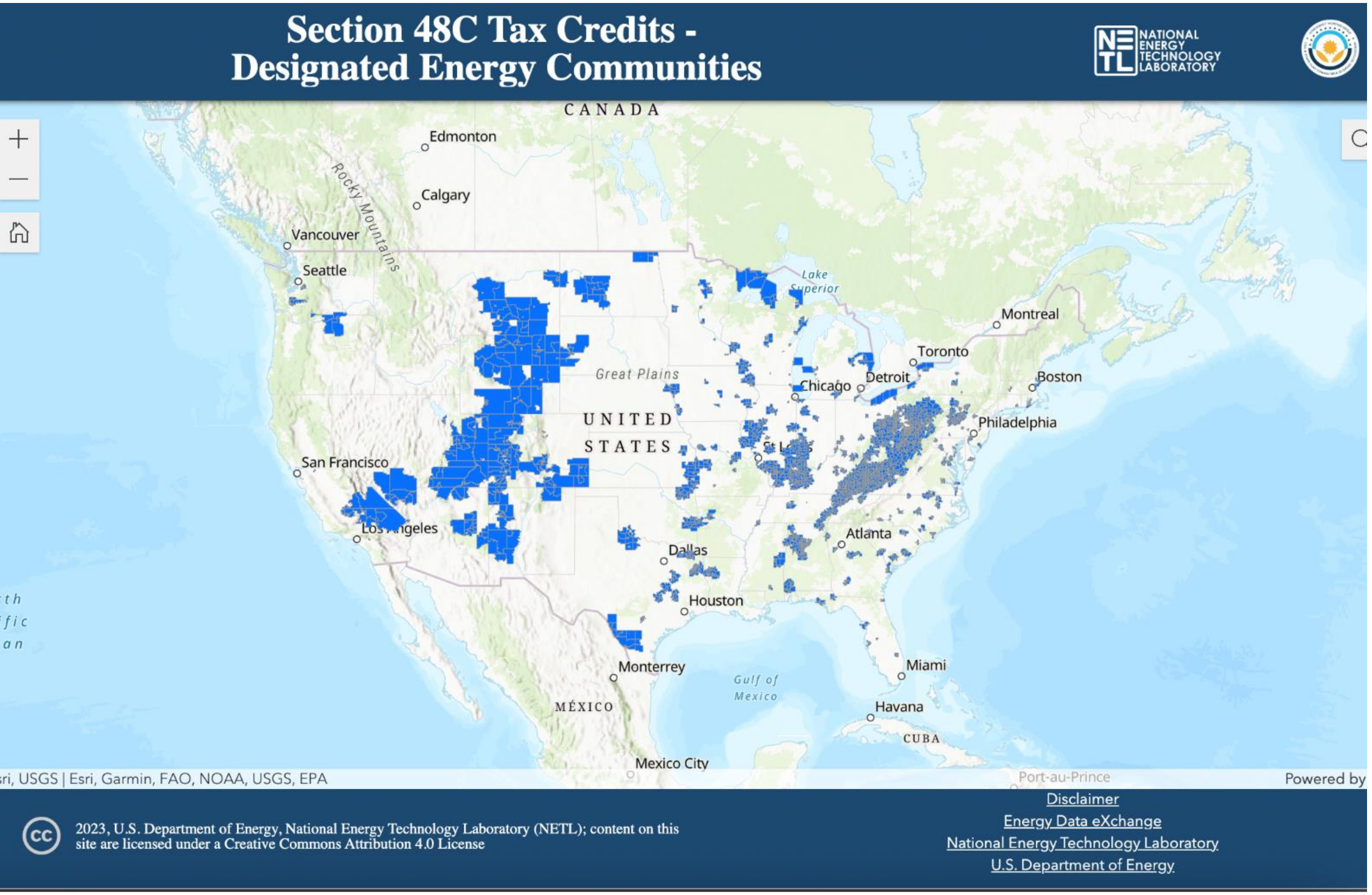
IRA supports **energy workers, and their families**, who built this country.

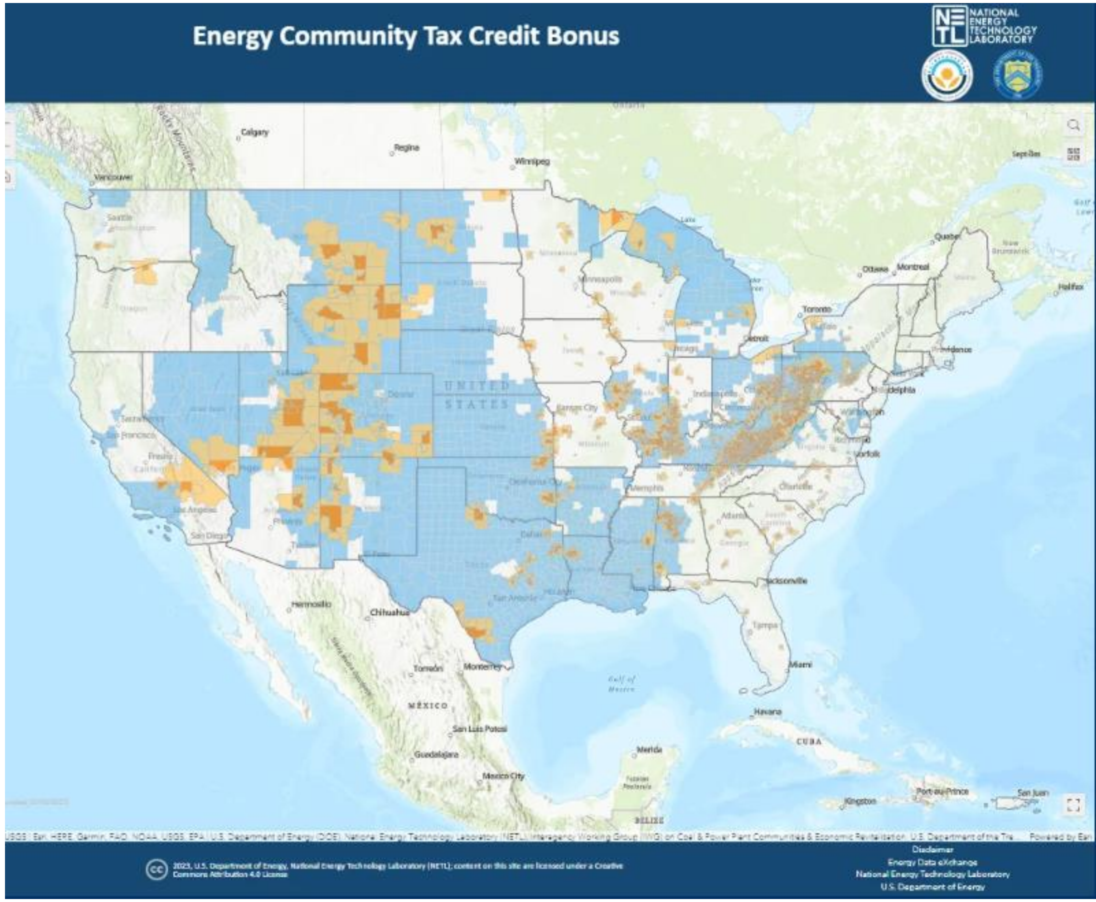
- Black Lung Disability Trust Fund Reinstated
- $27 Billion Green House Gas Reduction Fund
- $3 Billion for Environment and Climate Justice
- $145 Million Tribal Electrification

Note that Applicants will need to compete for competitive funding.

Details available in the IRA Guidebook at www.whitehouse.gov/cleanenergy/inflation-reduction-act-guidebook/

Energy Community Tax Credits Eligibility Maps





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What is 48C?

What

- Investment tax credit (ITC) expanded by IRA with $10 billion for (1) clean energy manufacturing & recycling, (2) critical materials, and (3) industrial GHG emissions reduction projects
- Projects receive 30% ITC (or 6% if prevailing wage and apprenticeship requirements not met)
- At least 40% of the total $10 billion will be allocated to projects in communities with closed coal plants known as "energy communities"

Eligible Entities

- Clean energy manufacturers & recyclers; critical materials processors, refiners, & recyclers; industrial facilities planning GHG emissions reduction projects

Why

- 48C will play a critical role in creating high-quality jobs, reducing industrial emissions, and increasing domestic production of critical clean energy products and materials

Legend
- Scope defined by ARRA in 2009
- Scope added by IRA

Clean Energy Manufacturing and Recycling

- Re-equip, expand, or establish Industrial or manufacturing facility for production or recycling of clean energy and energy efficiency technologies

Critical Materials Processing, Refining, and Recycling

- Re-equip, expand, or establish an industrial facility to process, refine, or recycle critical materials (50 USGS minerals + DOE critical materials)

Industrial GHG Emissions Reductions

- Re-equips industrial or manufacturing facility to reduce greenhouse gas emissions by at least 20%

Section 48C(e) Energy Communities Census Tracts

OF THE

$10 billion

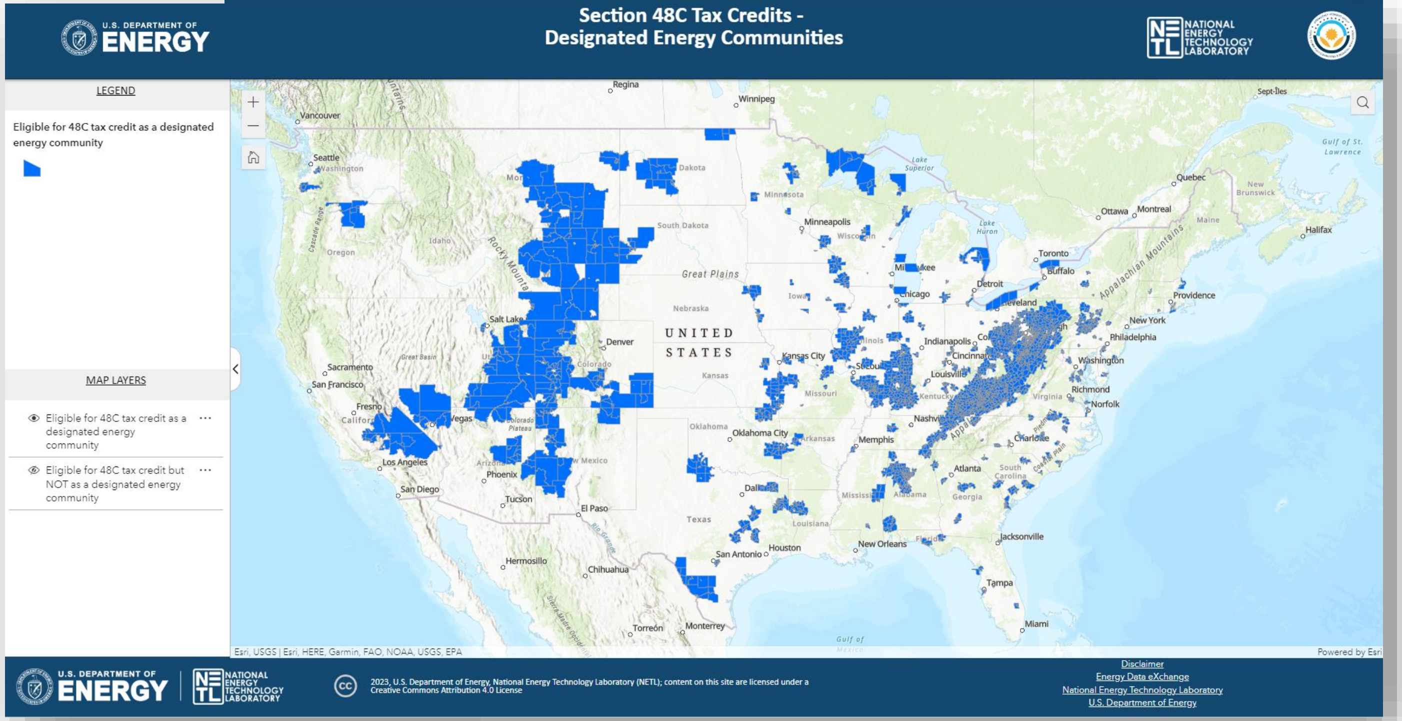
IN TAX CREDITS TO BE ALLOCATED,

AT LEAST

$4 billion

MUST GO TO QUALIFYING PROJECTS
IN ENERGY COMMUNITIES.

Energy communities have knowledge, infrastructure, resources, and know-how to play a leading role in the move to a clean energy economy.



48C energy communities include:

Census tracts with coal mines that have closed since **December 31, 1999**

Census tracts with coal power plants that have closed since **December 31, 2009**

Census tracts immediately adjacent to either of the above

More information can be found in section 6 of Notice 2023-44

Clean Energy Manufacturing and Recycling – Round 1 Priority Areas

MESC
OFFICE OF MANUFACTURING AND ENERGY SUPPLY CHAINS

Electric Grid: Manufacturing of transformers, materials (including electrical steel, amorphous alloy), power electronics, and other grid components and equipment (including MVDC/HVDC converter station components and switchgears)

Electric Heat Pumps: Manufacturing of air-source or ground-source heat pump components and infrastructure, particularly reversing valves, control circuits, compressors, and heat exchangers

Electric Vehicles: Manufacturing of power electronics (including semiconductors, modules, and circuits for EV motor traction drives, on-board EV chargers, DC/DC converters, and EV charging stations), permanent magnets, and battery components for use in electric vehicle motors

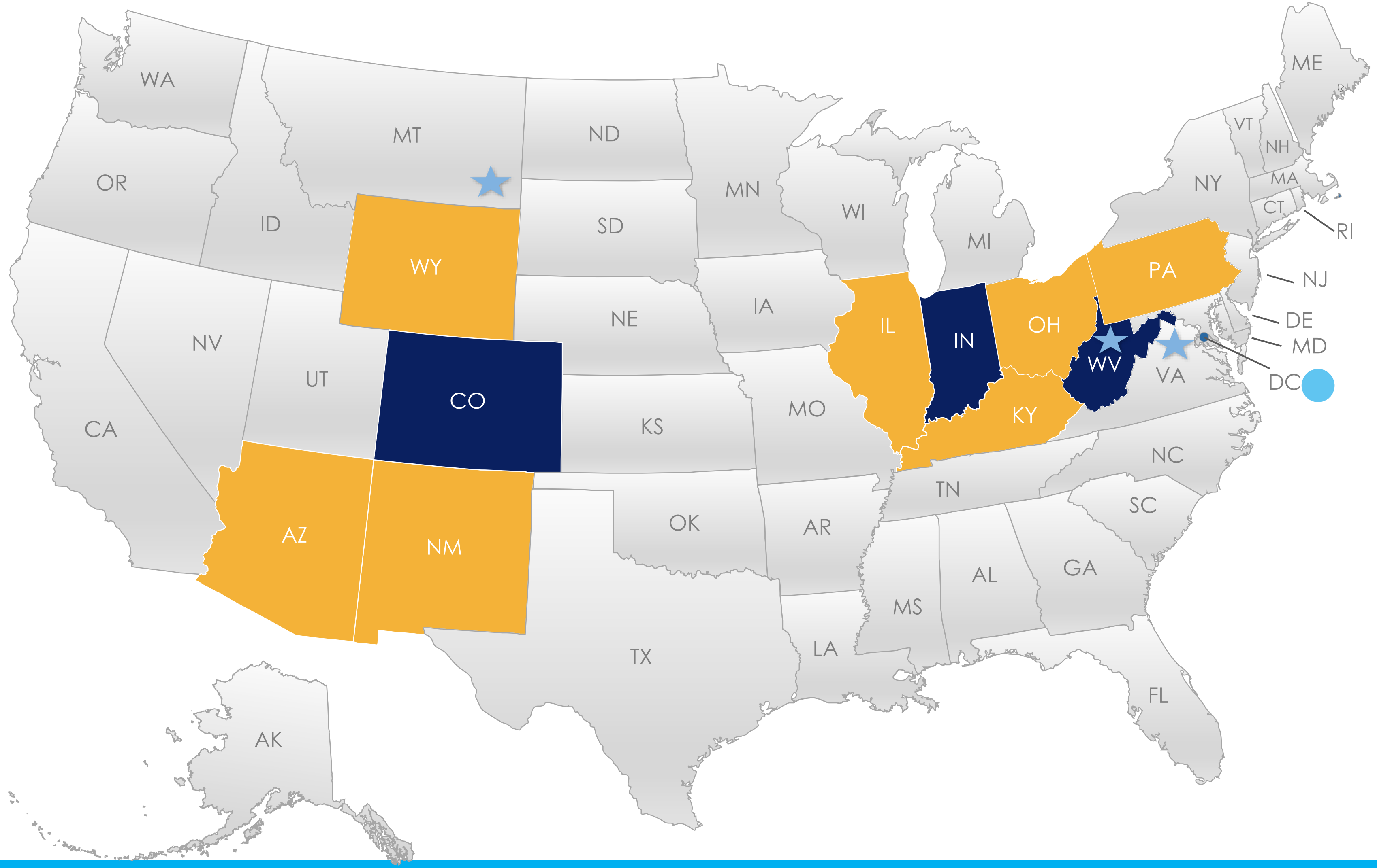
Nuclear Energy: Manufacturing of specialized components and equipment for nuclear power reactors or their fuels (including fabrication of fuels, and manufacturing of equipment for conversion, enrichment, and deconversion), for both existing reactors and new reactor deployments

Solar Energy: Polysilicon, wafer production facilities, ingot and wafer production tools, and solar glass production facilities

Sustainable Aviation Fuels: Manufacturing of equipment needed for low-carbon aviation fuel production (including feedstock handling equipment and pretreatment reactors)

Wind Energy: Component production facilities and specialized steel production, particularly for offshore wind, such as monopile-grade steel and towers; recycling of wind components, particularly blades

2024 Events



Targets for 48C Regional Workshops

- *March 21*: Intermountain West Denver, CO
- *March 26*: Central Appalachia Charleston, WV
- *April 16 or 17*: Illinois Coal Basin Evansville, IN

Engagement via Rapid Response Teams

- Four Corners (Feb 27 & 29)
- Kentucky
- Illinois (May 14, 15, 21 & Oct 22-23)
- Pennsylvania
- Wyoming (April 10-11)
- Ohio

Planned IWG RRTs

- Southeast Montana
- Virginia
- West Virginia

Other Proposed Events

- IWG Anniversary Event
- Ad-hoc Events

**pending consultation with partners*

Manufacturing Capital Connector (MCC)

What is MCC?

The Manufacturing Tax Credit (48C) is an initiative to connect manufacturing applicants with a wide-range of capital providers to facilitate the investment necessary to build out the U.S. manufacturing supply chain.

MCC looks to **facilitate the commitment of private sector capital** necessary to bring important clean energy manufacturing projects to commercial operation

MCC will **work with private capital** to ensure the understanding of supply chain priority areas and DOE-administered clean energy manufacturing opportunities

MCC will **develop a list of capital providers to finance clean energy manufacturing projects** and share the list of interested capital providers to project sponsors

The Manufacturing Capitol Connector Aims

Educate interested capital providers about DOE-administered programs, Biden Administration's supply chain priorities and DOE's rigorous merit review process

Increase the **flow of capital** into DOE-awarded projects and the broader energy transition

Develop **"Best Practices" and compile a list of capital providers** interested in participating

Share the list of interested capital providers with applicants and, if they opt in, facilitate the sharing of their application information to those capital providers

https://www.energy.gov/mesc/articles/department-energy-seeks-feedback-manufacturing-capital-connector-initiative-connect
or search manufacturing capital connector rfi

48C Economics Bolstered by Other Federal Programs

- **48C is a backbone of the clean energy transition**. These are the components needed to build everything…transformers for the grid, electrolyzers for hydrogen, heat pumps, etc.
- **48C awarded projects will benefit from the increased demand** from other U.S. Government and DOE initiatives

DOE Awarded Projects

- 48C projects manufacture the components for other DOE-awarded projects
- $40 billion awarded so far
- Tens of billions more to come in 2024

Buy America, Build America

- Initiative of the Biden Administration on domestic content procurement
- Requires that all iron, steel, manufactured products, and construction materials used in covered infrastructure projects are produced in the U.S.

Domestic Content Step-Ups

- Tax credits for renewable energy projects can earn domestic content bonuses (e.g., 30% ITC increases to 40%, a $27.5/MWh PTC increases to $30.25)
- Domestic content is generally defined as steel, iron or manufactured products that are manufactured or produced in the United States

Source(s): Build America Buy America | U.S. Department of Commerce, IRS provides initial guidance for the domestic content bonus credit | Internal Revenue Service, Domestic Content Bonus Credit Guidance under Sections 45, 45Y, 48, and 48E (irs.gov)

Benefits for Energy Communities

The Inflation Reduction Act § 13501(e)(2) requires that at least 40 percent of the § 48C tax credits allocated go to projects in Energy Communities*. Eligibility maps for Energy Communities can be found at energycommunities.gov.

This Financing Vehicle may be particularly helpful to these entities because they have historically had less access to the full range of potential financing sources.

In September 2022, the Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization (Energy Communities IWG) received responses from stakeholders in 17 of the 25 priority energy communities in the United States.

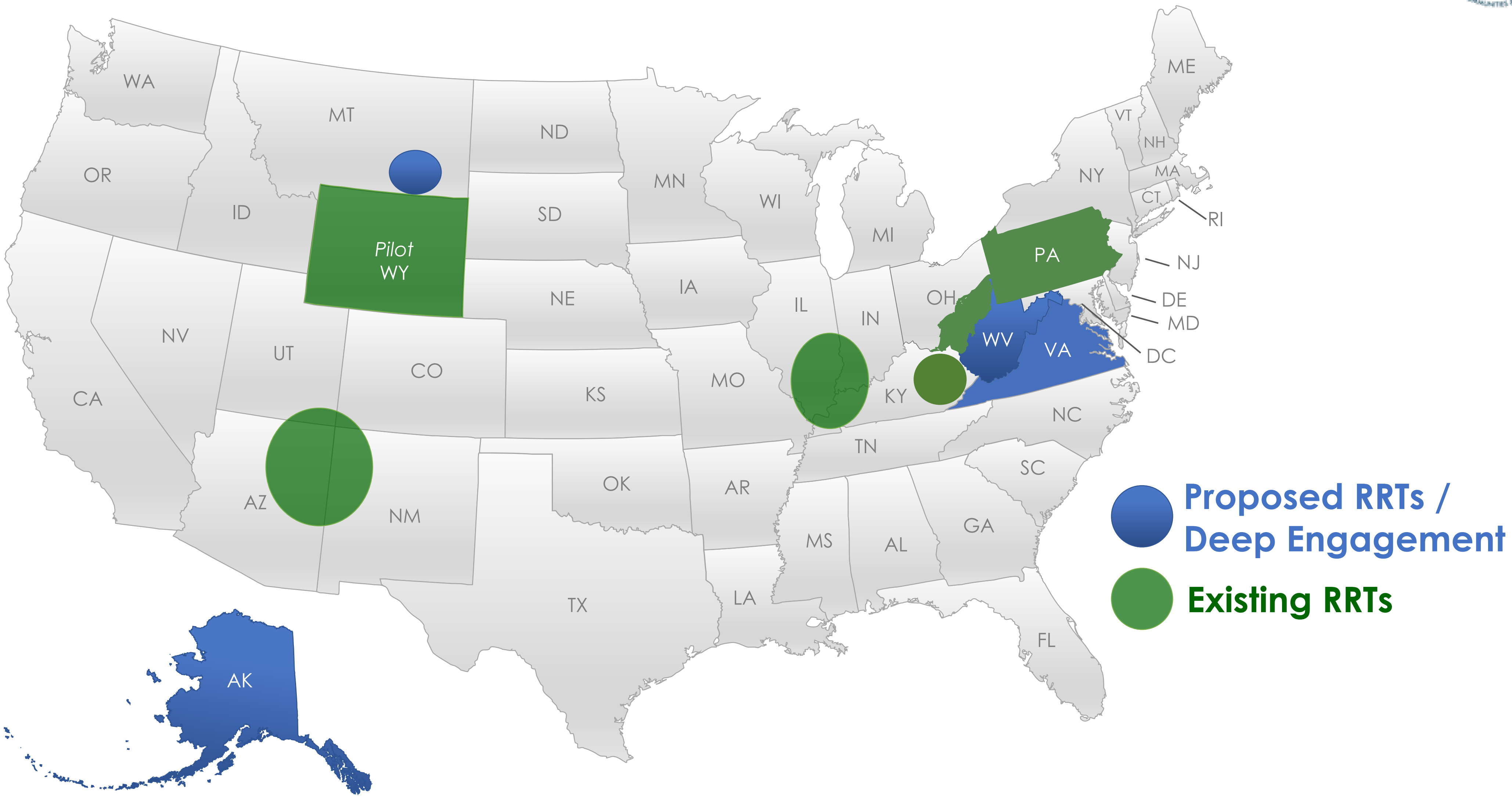
One of the key pieces of feedback was "finding 'up front' funding (i.e., not reimbursement funding) is virtually impossible," and DOE should reduce requirements for matching funds since energy communities do not have the resources.

- Colorado, Illinois & West Virginia Respondents

This energy community guidance is in addition to the Justice40 initiative, which has the goal of directing 40 percent of the overall benefits of certain Federal DOE investments to flow to disadvantaged communities (DACs).

* § 48C Energy Communities include: Census tracts with coal mines that have closed since December 31, 1999; Census tracts with coal power plants that have closed since December 31, 2009; Census tracts immediately adjacent to either of the previous two categories. Census tracts which have received 48C funding in previous rounds are not eligible for the 40% carve-out.

Rapid Response Teams (RRTs)



Subject to availability of funds

Rapid Response Team's Role In Energy Communities

Objectives:

- ✓ Focus Partner Agency resources in areas experiencing and/or facing imminent economic and social impacts due to fossil energy transitions.
- ✓ Deploy RRTs to coordinate with Partner Agencies to support community-driven goals and needs.
- ✓ Utilize existing knowledge and relationships of ECIWG Partner Agency regional staff, augmented by coordinated, navigator/concierge services from the ECIWG and its Partner Agencies.
- ✓ Coordinate with existing complementary federal initiatives (e.g., Rural Prosperity Network, White House Council on Native American Affairs, the Justice40 initiative) and those that may exist in the future.
- ✓ An initial cohort of 9 RRTs will be operating in FY2024, though a clear demand for more exists.

Thank you!

Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization

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