FCC'S FY2022 Appropriation Requests

AFCC Contacts:

CJ Evans, Executive Director, Tel. 202-922-0144, email: cj@AltFuelChem.org
Rina Singh, PhD., Executive Vice President, Tel. 202-922-0144, email: rina@AltFuelChem.org

Appropriations Subcommittee:

Energy and Water Development (E&W)

E&W Priority:

#1 of 3

Federal Agency:

Department of Energy

Agency Account:

Energy Programs

Program Titles:

Title 17 Innovative Technology Loan Guarantee Program Office - #1 - Administrative Expenses
Title 17 Innovative Technology Loan Guarantee Program Office - #2 – Loan Authority

Advanced Technology Vehicle Manufacturing Loan Program - #1 - Administrative Expenses
Advanced Technology Vehicle Manufacturing Loan Program - #2 – Loan Authority

Program Description:

See Background Information / Other Comments below

Amount Requested by AFCC:

Title 17 Innovative Technology Loan Guarantee Program:
- #1 - Administrative Expenses: $32,000,000
- #2 – Loan Authority: NO CHANGE. Maintain full loan authority

Advanced Technology Vehicle Manufacturing Loan Program:
- #1 - Administrative Expenses: $32,000,000
- #2 – Loan Authority: NO CHANGE. Maintain full loan authority

ADDITIONAL AFCC REQUEST

Title 17 Innovative Technology Loan Guarantee Program: Following the third *Provided Further* on page 186 of FY2021 Consolidated Appropriations Act (H.R. 133), Division D, Title III Department of Energy, Energy Programs, Title 17 Innovative Technology Loan Guarantee Program, insert the following:

"Provided Further, That the amount available to pay down Borrower Fees shall be increased from $25,000,000 to $250,000,000: *Provided Further,* That Borrowers shall expressly be permitted to elect to recover their Borrower Fees from the loan proceeds at closing and amortize them over the loan period, or have the Borrower Fees counted as a portion of the Borrower's equity contribution to the project: *Provided Further,* That the Credit Subsidy Cost shall be capped at 3%, subject to appropriations:"

Advanced Technology Vehicle Manufacturing Loan Program: On page 186 of FY2021 Consolidated Appropriations Act (H.R. 133), Division D, Title III Department of Energy, Energy Programs, Advanced Technology Vehicle Manufacturing Loan Program, strike the language beginning with "*Provided,*" through to the end of the paragraph, and replace with:

"Provided, That the Advanced Technology Vehicle Manufacturing Loan Program shall be expanded from light duty vehicles to mid-duty and heavy-duty vehicles: *Provided Further,* That the deployment of vehicular charging units, now financed in the Title 17 Innovative Technology Loan Guarantee Program, may be financed through the Advanced Technology Vehicle Manufacturing Loan Program, including the manufacturing of vehicular charging units and the construction of factories for said manufacturing."

Amount of Federal Funding Included in the President's Budget Request for the Coming Fiscal Year:

Not yet known

Amount of Federal Funding Appropriated for the Program During Previous Fiscal Years:

#1 - Administrative Expenses:
FY 2018: $33,000,000
FY 2019: $33,000,000
FY 2020: $32,000,000
FY 2021: $32,000,000

#2 – Loan Authority:
FY2018 – FY2021: No change

Justification / Rationale for Its Funding Request:

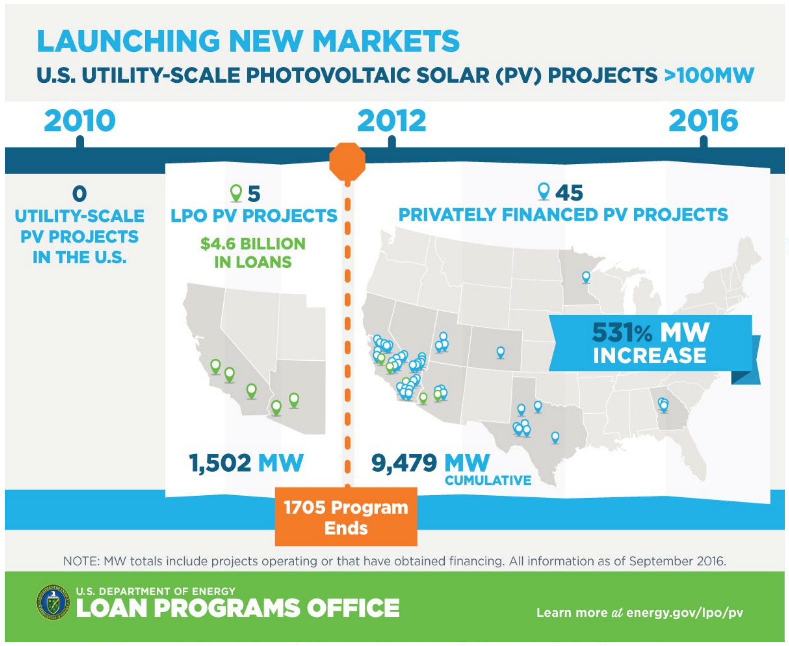
See Background Information / Other Comments below

Background Information / Other Comments:

The Title 17 Program creates jobs and stimulates private sector investment.

- When the Title 17 program first came under threat in 2017, there were several large infrastructure projects moving through the loan guarantee process with the potential of creating tens of thousands of jobs. Several of these projects were only a few steps away from being ready to build and could have started construction in 2019 and 2020.

- The administrative and budgetary attempts that were made to eliminate the program, however, combined with the obstacles that OMB placed on approving projects caused all of these projects to stall, with several not moving forward due to their inability to secure alternative private sector financing.



- <u>As can be seen by what happened to these projects, it is clear that new, disruptive projects cannot be financed in any other way</u>. *Eliminating the Title 17 program will stop these and similar projects from going forward.*

- The Title 17 program has shown through the projects it already has supported that each federal dollar invested in a loan guarantee stimulates more than $10 in private capital investment and leads to scores of additional follow-on projects supported entirely by private sector financing. Every project in the Title 17 pipeline that is built will generate tax revenues for local communities, states and the federal government, as well as state and federal income taxes from the salaries paid to workers.

That's not all: **DOE's Title 17 Loan Guarantee Program and its sister, the Advanced Technology Vehicle Manufacturing (ATVM) direct loan program, have generated an average of $250 million per year in interest payments, returning almost $2.6 billion in collections to the U.S. Treasury since their first loan closing in 2009**.

- **<u>Title 17 losses represent only 2.81% of its portfolio</u>**, a loss rate any commercial bank would happily claim.

- The bulk of the administrative costs necessary to operate the Title 17 program –$32 million per year – have been paid by the companies that submit applications.

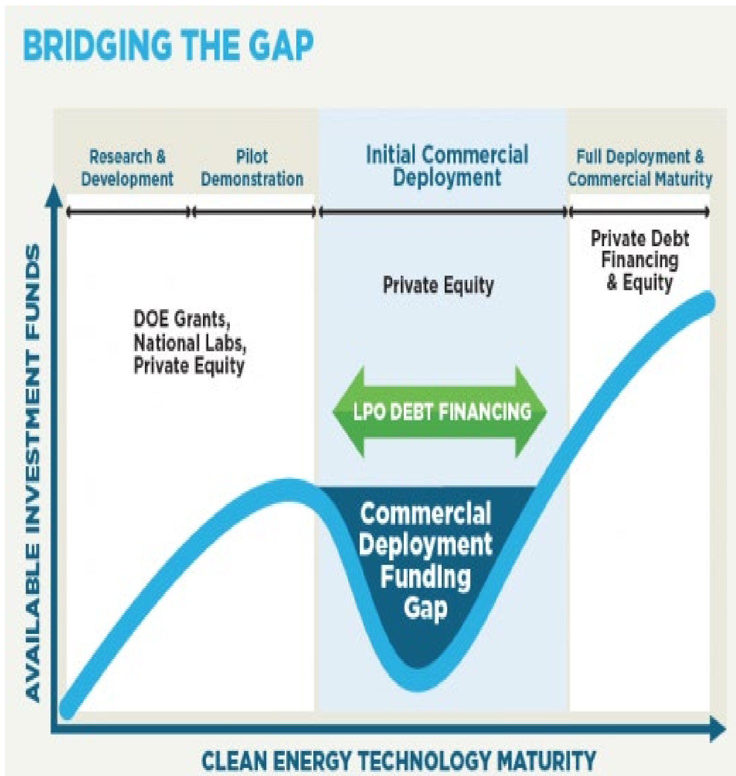
- WHILE ACTUAL & PROJECTED REVENUES HAVE NO IMPACT OR RELEVANCE IN THE U.S. CONGRESS WHEN IT COMES TO SCORING SPENDING BILLS, THE REVENUES GENERATED FOR THE U.S. TREASURY BY THE TITLE 17 & ATVM PROGRAMS OCCUR NEVERTHELESS.

- In fact, interest payments to the U.S. Treasury from Title 17 and ATVM loan obligations generate **6.75 times more in revenue** than the total administrative costs required to operate the programs, and **12 times more in revenue when the fees paid by companies that submit applications are taken into account** ($250M/$20M =12.5).

- The $250 million in annual interest payments that currently are being paid to the Treasury will continue for as long as the current Title 17 and ATVM loans are outstanding. However, **the longer these two programs are extended, the more projects will be approved, and the more revenues to the Treasury will increase.**

PRIORITY PROJECTS CURRENTLY IN THE TITLE 17 PIPELINE, IN WHICH PRIVATE COMPANIES HAVE INVESTED YEARS OF WORK AND MILLIONS OF DOLLARS, SHOULD BE ALLOWED TO MOVE FORWARD. The legislative language proposed by AFCC will allow them to do so.

This is an investment that will repay itself many times over in the revenues these projects will generate for the U.S. Treasury and in the privately- funded, follow-on projects they will stimulate.



The Title 17 and ATVM programs overcome project-stopping obstacles in obtaining loans for the first commercial deployments of innovative American energy projects:

- Financing innovative, disruptive technologies is not something the private sector can do or do better. The Title 17 program was established because the private sector will not finance rojects that have a high risk of failure due to the use of something that is brand new, unproven, and never done before at commercial scale.

- Every project advanced through research and development (R&D) by DOE will be meaningless unless they can be commercialized and deployed so that the nation can benefit from these technologies.

Without a path to commercialization, no innovation advanced through R&D will be able to become reality.

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Appropriations Subcommittee:
Energy and Water Development, and Related Agencies

E&W Priority:
#2 of 3

Federal Agency:
Department of Energy

Agency Account:
Energy Programs

NEW PROGRAM

Program Title:
Biomass Supply Chain Risk (BSCR) Standards

Amount Requested by AFCC:
$0; this is a no-cost addition to the FY2022 Energy and Water Development, and Related Agencies appropriations.

AFCC's Justification / Rationale for This Request:
AFCC proposes that the Biomass Supply Chain Risk (BSCR) Standards, developed by the Department of Energy's Idaho and Los Alamos National Laboratories, be incorporated as part of the due diligence review of applications for the Department of Energy's Title 17 loan guarantee program and Office of Bioenergy Technology grants for biofuel, renewable chemical, biobased product, and biogas projects.

By enabling the Department of Energy to more accurately quantify the feedstock risk of applicants' projects, the use of the BSCR Standards in evaluating applications will decrease the likelihood of failure for projects that receive grants and loan guarantees.

The BSCR Standards are an industry standard framework, based on the current state of science in mitigating investment risk for capital markets and biobased investors and lenders in ground and aviation biofuel, renewable chemical, biobased product, and biogas projects.

The BSCR Standards were developed and promulgated by Idaho National Labs with participation of a 150-member stakeholder group, a 65 member $65 billion capital market group, and supported over five years with more than $5 million awarded by the Department of Energy's Bioenergy Technology Office, which issued a March 6, 2019 Project Peer Review of the standards

These standards align with the goals and recommendations of the *Bioeconomy Initiative: Implementation Framework* issued by the Biomass Research and Development Board, co-chaired by the Departments of Agriculture, Energy, Transportation, Interior, Defense and the Environmental Protection Agency , National Science Foundation, and the Office of Science and Technology Policy within the Executive Office of the President.

Proposed Bill Language:

Language setting forth these standards will need to be incorporated into the FY2022 appropriations bill, as follows:

Add in:

See Consolidated Appropriations Act of 2021 (H.R. 133; P.L. 116-260), pg. 182
Division D – Energy and Water Development, and Related Agencies

Title III – Department of Energy
Energy Programs
Energy Efficiency and Renewable Energy

Insert after:

ENERGY EFFICIENCY AND RENEWABLE ENERGY

BIOMASS SUPPLY CHAIN RISK STANDARDS

"The Biomass Supply Chain Risk Standards, developed by the Department of Energy's Idaho and Los Alamos National Laboratories and described in the Department of Energy Bioenergy Technology Office's March 6, 2019 Project Peer Review of the standards, provide an industry standard framework, based on the current state of science, in mitigating investment risk for ground and aviation biofuel, renewable chemical, biobased product, and biogas projects.. The Department of Energy shall adopt and incorporate these standards into its review of applications for Bioenergy Technology Office grants and Title 17 loan guarantees for biofuel, renewable chemical, biobased product, and biogas projects to more accurately quantify the feedstock risk of these projects and decrease the likelihood for failure of these projects."

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Appropriations Subcommittee:

Energy and Water Development, and Related Agencies

E&W Priority:

#3 of 3

Federal Agency:

Department of Energy

Agency Account:

Energy Programs

NEW PROGRAM

Program Title:

The Bioeconomy Development Opportunity Zone Matching Grant Program

Amount Requested by AFCC:

$25,000,000

Justification / Rationale for This Request:

AFCC proposes the establishment in the Department of Energy Bioeconomy Technologies Office of a certification and regional designation matching grant program to enable economic development agencies and local communities to more effectively and credibly disclose feedstock-related risks to developers and investors and promote bio-based development opportunities.

AFCC proposes that the program match investments from state economic development agencies with grants on a one-to-one basis of up to $1,000,000, and match investments from local economic development agencies, communities, non-profits, and the private sector with grants on a one-to-one basis of up to $100,000.

The purpose of the program will be to support the development and means of calculating regional feedstock and infrastructure risk ratings for communities in federally-designated Opportunity Zones to quantify the feedstock and infrastructure risks for capital markets and investors to facilitate the development, scale-up, and investment in new facilities that produce renewable chemicals, sustainable aviation and ground transportation fuels, and other bio-based product manufacturing in low income rural and urban areas.

Proposed Bill Language:

Language setting forth these standards will need to be incorporated into the FY2022 appropriations bill, as follows:

Add in:

See Consolidated Appropriations Act of 2021 (H.R. 133; P.L. 116-260), pg. 182
Division D – Energy and Water Development, and Related Agencies

Title III – Department of Energy
Energy Programs
Energy Efficiency and Renewable Energy

Insert after:

ENERGY EFFICIENCY AND RENEWABLE ENERGY

and the proposed language for BIOMASS SUPPLY CHAIN RISK STANDARDS described in AFCC's Priority Request #2.

BIOECONOMY DEVELOPMENT OPPORUNITY ZONE MATCHING GRANT PROGRAM

"For establishment by the Secretary of Energy of a matching grant program within the Energy Efficiency and Renewable Energy Bioeconomy Technologies Office to support the development and means of calculating regional feedstock and infrastructure risk ratings for communities in federally-designated Opportunity Zones to quantify the feedstock and infrastructure risks for capital markets and investors to facilitate the development, scale-up, and investment in new facilities that produce renewable chemicals, sustainable aviation and ground transportation fuels, and other bio-based product manufacturing in low income rural and urban areas, $25,000,000 to remain available until expended."