Alternative Fuels & Chemicals Coalition

Advocating for Public Policies to Promote the Development & Production
of Alternative Fuels & Chemicals, with a Focus on Sustainable Aviation Fuels

Final: Consolidated Appropriations Act of FY2020 (Pub.L. 116-94)

Key Program Summary:

Energy & Water (E&W)

Energy							
Program	FY 2016 Appropriation	FY 2017 Appropriation	FY 2018 Appropriation	FY 2019 Appropriation	President's FY 2020 Budget	AFCC's FY 2020 REQUEST	FINAL FY 2020 Appropriation
DOE - Advanced Research Program Agency – Energy (ARPA-E)							
	$291,000,000	$305,245,000	$353,214,000	$366,000,000	$0	**Restore program to $360 million**	$425,000,000
DOE - Office of Science (OS)							
	$5.3502 billion	$5.391 billion	$6.26 billion	$6.585 billion	$5.5 billion	**Restore program to $6.4 billion**	$7,000,000,000
DOE - Office of Energy Efficiency and Renewable Energy (EERE)							
	$2.073 billion	$2.09 billion	$2.322 billion	$2.379 billion	$343,000,000	**Restore Program to $2.35 billion**	$2,848,000,000

The Department of Energy's Title 17 Innovative Technology Loan Program							
Program	FY 2016 Appropriation	FY 2017 Appropriation	FY 2018 Appropriation	FY 2019 Appropriation	President's FY 2020 Budget	AFCC's FY 2020 REQUEST	FINAL FY 2020 Appropriation
DOE - Title 17 Innovative Technology Loan Program Office Administrative Expenses							
	$42 million less fees	$37 million less fees	$33 million less fees	$33 million less fees	$0 (eliminate program)	**Restore program to $33 million less fees**	$32,000,000

A Collaborative Government Affairs Effort
Organized by Kilpatrick Townsend & Stockton and American Diversified Energy Consulting Services

1200 G Street, NW, Suite 800, Washington, DC 20005
Telephone: +1 202-922-0144 Email: info@AltFuelChem.org Website: www. AltFuelChem.org

The Department of Energy's Title 17 Innovative Technology Loan Program							
Program	FY 2016 Appropriation	FY 2017 Appropriation	FY 2018 Appropriation	FY 2019 Appropriation	President's FY 2020 Budget	AFCC's FY 2020 REQUEST	FINAL FY 2020 Appropriation
DOE - Title 17 Loan Authority							
	$24 billion	$24 billion	$24 billion	$24 billion	$0 (eliminate program)	**Maintain full loan authority**	No change; full loan authority maintained
DOE - Title 17 Tribal Energy Loan Program							
	$0	$9 million	$1 million	$1 million	$0 (eliminate program)	**Restore program to $1 million**	$2,000,000
DOE - Advanced Technology Vehicles Manufacturing (ATVM) Loan Program							
	$6 million	$5 million	$5 million	$5 million	$0 (eliminate program)	**Restore program to $5 million**	$5,000,000
DOE - ATVM Loan Authority							
	$16 billion	$16 billion	$16 billion	$16 billion	$0 (eliminate program)	**Maintain full loan authority**	No change; full loan authority maintained

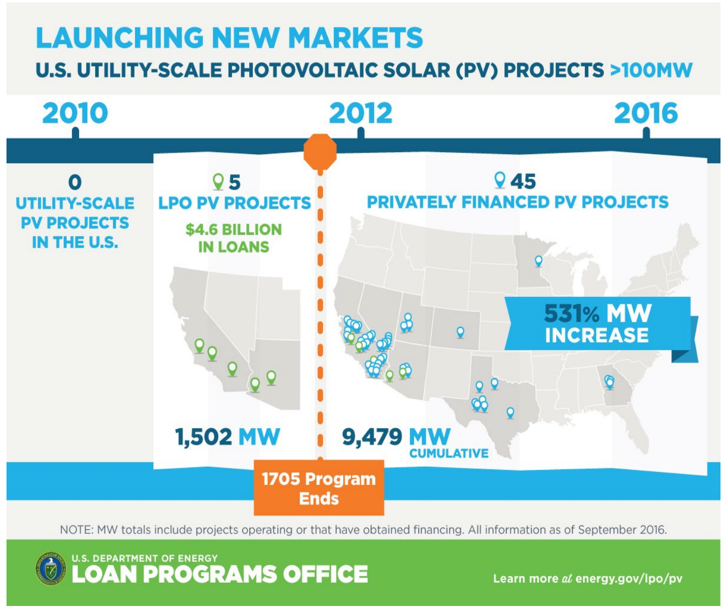
AFCC submitted the following comments to House and Senate professional staff and appropriators:

AFCC STRONGLY OPPOSES the elimination of the Title 17 Innovative Technology Loan Program and Advanced Technology Vehicle Manufacturing (ATVM) loan program. Eliminating this program does not make economic, fiscal, or business sense. Here's why:

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

- There currently are several large infrastructure projects – with the potential of creating tens of thousands of jobs – going through the Title 17 application process. These projects are only a few steps away from being ready to build, with the first projects poised to move forward in 2020.

- <u>These projects cannot be financed in any other way</u>. Eliminating the Title 17 program will stop these projectsThe 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 produced 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**.

LPO Portfolio Performance Summary as of March 2019

Loan and Loan Guarantees Issued	$35.69 billion
Conditional Commitments	$2.00 billion
Amount Disbursed	$27.45 billion
Principal Repaid	$9.52 billion
Interest Paid*	$2.58 billion
Actual and Estimated Losses	$0.81 billion
Losses as % of Total Disbursement	2.93%

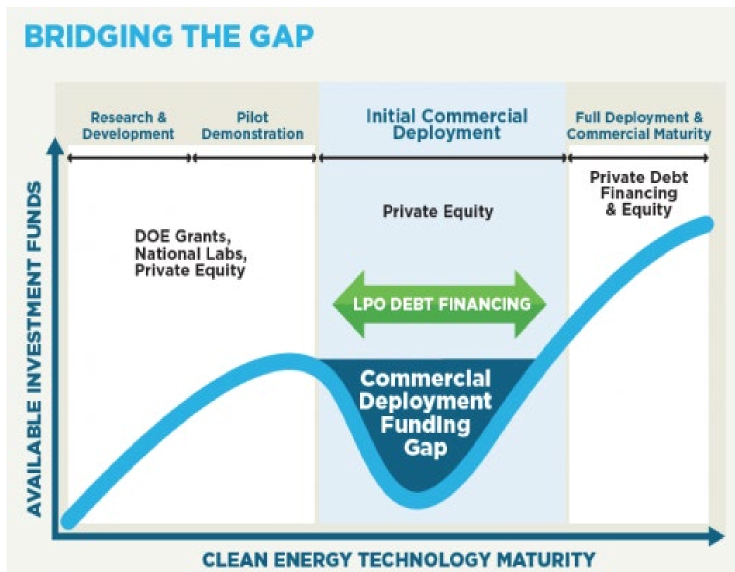
* Calculated without respect to Treasury's borrowing cost.

- **<u>Its losses represent only 2.93% 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 – up to $37 million per year – are paid by the companies that submit applications. Only $17 million per year was allocated from the general fund for FY2016 and FY2017 for the Title 17 program in the DOE budget. Another $5 million per year was allocated in FY2016 and FY2017 to operate the ATVM program.
- 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.**

<u>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</u>. To keep these projects moving and keep the Title 17 program alive for 2020 will require an appropriation of $33 million in administrative costs (which will be reduced by applicant fees) plus another $5 million for the ATVM program. <u>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.</u>

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 projects 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.