

ONE HUNDRED ELEVENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641
October 4, 2010

The Honorable Steven Chu
Secretary
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Mr. Jeffrey Zients
Acting Director
White House Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, NW
Washington, DC 20503

Dear Secretary Chu and Acting Director Zients:

I am writing to seek your assistance in ensuring that the Department of Energy's (DOE) Loan Guarantee Program reaches its full potential. It is critical that loan guarantee applications are reviewed efficiently and expeditiously by DOE and the Office of Management and Budget (OMB).

The Loan Guarantee Program was initially authorized under the Energy Policy Act of 2005. However, under the prior Administration, the program was severely understaffed and failed to issue any loan guarantees or conditional commitments.

In the Recovery Act, Congress established the temporary section 1705 program to spur investment in renewable energy. Since that time, the Obama Administration has made great strides in standing up a Loan Guarantee Program that is beginning to produce significant results. In the last year and a half, DOE has issued conditional commitments or finalized loan guarantees totaling nearly \$13 billion for 14 projects. These projects span 12 states, support a broad array of clean energy technologies, and will create over 13,000 construction jobs and more than 4,000 long-term operating jobs. By comparison, the highest total for U.S. private sector clean energy project finance in a single year was \$19 billion.

DOE has expressed confidence in its ability to move from issuing two conditional commitments per month to as many as four or five conditional commitments per month this

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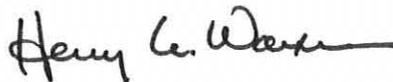
autumn. If this vital goal is to be attained, OMB must do a better job of reviewing loan guarantee applications. OMB has an important role to play in protecting taxpayers by ensuring that the credit subsidy cost for each loan guarantee is properly calculated. But the Committee has received reports of unnecessarily slow and duplicative reviews of DOE-negotiated terms by OMB. There is no question that you must continue to take your fiduciary responsibility to taxpayers seriously. But I encourage you to refine your review and coordination process so that applications are evaluated in an expeditious manner.

In addition, I request that OMB provide the following information by October 18, 2010:

1. Please provide a detailed description of OMB's role in and process for reviewing loan guarantee applications and term sheets. What is the statutory basis for each such OMB activity?
2. How often and in what respects does OMB's review process duplicate work already done by DOE? How can redundant information requests and analysis be reduced?
3. How often and to what extent have term sheets negotiated by DOE been modified at the direction of OMB?
4. For each conditional commitment issued by the Loan Guarantee Program, please provide the number of days OMB spent reviewing and approving the term sheet. For each finalized loan guarantee issued by the Loan Guarantee Program, please provide the number of days OMB spent reviewing and approving the credit subsidy cost.

Thank you in advance for your assistance. If you have any questions regarding this request, your staff may contact Jeff Baran of the Committee staff at 202-225-4407.

Sincerely,



Henry A. Waxman
Chairman

cc: The Honorable Joe Barton
Ranking Member