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### GOP: Energy Dept Cut Corners to Lend Arizona Solar Firm \$1.6 Billion



US Department of Energy

(WASHINGTON) -- House Republicans are preparing to grill Energy Secretary Steven Chu this week over \$1.6 billion in loans to finance two massive solar energy projects planned for the desert Southwest, saying investigators have found evidence suggesting the administration cut corners in order to get the loans approved.

"The Department of Energy manipulated analysis, ignored objections from career professionals, and strategically modified loan evaluations in order to force project funding out the door," House Oversight and Government Reform Committee Chairman Darrell Issa, R-California, said in a statement provided to ABC News.

The Department of Energy says Chu will have plenty of material with him to rebut those allegations Tuesday when he comes to the Hill to testify before Issa's committee. Agency officials continued to characterize criticism from House Republicans as misleading attacks that are aimed at scoring political points.

Energy Department spokesman Damien LaVera accused the committee of "inventing false and misleading controversy."

"Decisions made on loan applications were made on the merits after extensive review by the experts in the loan program," LaVera said. "In this case, the Department backed loans for two innovative solar projects that will support hundreds of jobs and provide clean power to tens of thousands of homes."

Two separate House committees have been investigating the Energy Department's loan program for more than a year. Their efforts gathered steam last fall when the first company to receive a federal green energy loan, Solyndra, filed for bankruptcy. This latest review delves into highly technical aspects of the administration's sizeable bet on solar energy and the complex rules set up to help the administration pick the best projects to support.

Energy officials told ABC News the department followed a rigorous process to evaluate each applicant, and the two projects being scrutinized by Issa's committee are some of the most exciting solar ventures underway in the United States. If successful, the massive generating facilities would be by far the largest of their kind in the world -- comprised of more than five million solar panels and 35,000 metric tons of steel.

Republicans say they sifted through tens of thousands of pages of internal records turned over by the Energy Department in response to their requests.

Investigators with the Committee on Oversight and Government Reform said the documents they reviewed have raised new questions about the administration's decision to grant multiple loans to the solar energy giant First Solar, an Arizona-based company that both makes solar panels and assembles enormous solar generating facilities that are then turned over to utility companies to operate. Two of the company's largest projects won federal loans -- generating facilities called Agua Caliente, in Arizona, and the Antelope Valley Solar Ranch in California. (Two more First Solar facilities also qualified for another \$2 billion in loan guarantees, making the company one of the nation's largest beneficiaries of the Obama administration's green energy initiative.)

In order to receive the loan money, First Solar had to provide evidence that each project would employ new and innovative technologies to generate energy. Republican investigators said Friday the records they reviewed raised doubts about whether the solar facilities actually do that. Among the documents they cite is an email from a top technical expert inside the department, written less than six weeks before the loans to First Solar were approved, in which he argues that one of the supposed advances -- use of something called a "single axis tracker" -- was actually not all that new.

"Be clear this is not an innovation," wrote Dong K. Kim, the director of the loan program's technical division. "The record will show we did not grade this as an innovation."

Further, Kim writes that "someone keeps changing" internal documents to hold out the tracking technology as innovative. And he warns that "whoever continues to make this change needs to understand that Technical does not support [identifying the trackers] as an innovative component."

A second aspect of the solar plants that the Energy Department identified as innovative had already been in use in over 200 units in Europe, according to the internal documents.

"These facts make clear DOE substantively failed to fund innovation, and instead gambled with \$3 billion taxpayer dollars on a single firm, First Solar," said Becca Watkins, an oversight committee spokeswoman.

Energy Department officials told ABC News they believe the Republican investigators are looking at an incomplete picture, saying that Kim -- the author of the email -- ultimately signed off on the technical innovations in the two solar projects, as did senior loan officers who conducted their own thorough review. They also suggested the House investigators have misread the rules -- that the innovations in the solar project meet the requirements.

The fact that some of the innovative technology has been used in projects in Europe, for instance, does not mean the project is not innovative under the rules the department set out to govern the loan program. Technology that has not been used commercially in the United States will qualify as innovative, the rules say. House Republicans counter that the rules explicitly call for technology that is "new or significantly improved."

"For nearly a year, Congressional critics of the Department's loan programs have demonstrated a consistent pattern of cherry-picking individual emails from the hundreds of thousands of pages of documents the Department has provided to Congress with the sole purpose of inventing false and misleading controversy," LaVera said.

"While the law that created the [green energy] loan program does not include any requirement to limit our support to innovative projects, the Department chose to apply a tougher standard that would ensure we were investing in the kind of projects that will help the United States compete for the clean energy jobs of the future," he said. "After a careful review on the merits, the senior career official responsible for the loan program's technical reviews made clear these projects met that standard."

For its part, First Solar officials say it considers the two projects funded with government loans to be revolutionary in the solar industry.

Both are "of unprecedented size and scale that will provide clean power for 175,000 average homes while displacing 360,000 metric tons of CO2 annually -- equivalent to taking 70,000 cars off the road," said Ted Meyer, the company's vice president of global corporate communications.

Both projects are incorporating new technologies to "help to ensure the reliability and stability of transmission systems, which is imperative for the long-term integration of renewable energy into the grid. It is expected that these technologies will eventually become standard in the solar power industry," he said. In addition, he added that the single-axis trackers at the Antelope Valley project "will enable the modules to rotate to capture more sunlight, typically resulting in 15-25 percent more annual energy yield, depending on location."

First Solar officials say they are forecasting more than \$3 billion in revenue this year, but they acknowledge the company has suffered along with the rest of the solar industry as European subsidies have dried up and China has flooded the market. The company's stock has been sliding, and has become a favorite for so-called "short sellers" -- investors who are betting on the company to fail.  
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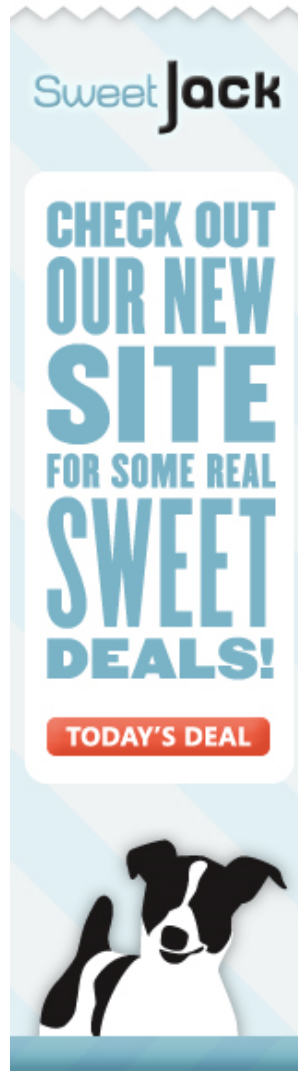
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