Solyndra Is Blamed as Clean-Energy Loan Program Stalls

Fabrizio Costantini for The New York Times

Michael F. Donoughe, chief operating officer of Bright Automotive, which withdrew its application for a government loan and is now shutting down operations to produce a hybrid delivery van.

By BILL VLASIC and MATTHEW L. WALD
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More than $16 billion in loans authorized five years ago by Congress to develop fuel-efficient vehicles has yet to be disbursed, with applicants for the money complaining that the Energy Department is crippling plans for greener cars and trucks at a time of rising gas prices.

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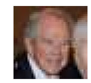

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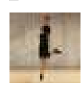

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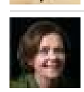

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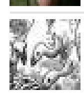

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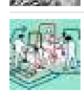

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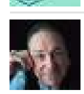

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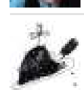

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Some companies contend that the loans, administered by energy officials, have dried up because of a political firestorm that followed the bankruptcy last year of the solar panel company Solyndra, which had received a federal loan from a related program. The bankruptcy fed Republican criticism of the Obama administration's handling of clean energy loans because one of the investors in Solyndra was a major fund-raiser for the president.

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Fabrizio Costantini for The New York Times
After Bright Automotive decided to shut down its operations, it held a meeting on Michigan unemployment benefits.

"Since Solyndra became politicized last fall, the Department of Energy has failed to make any other loans," said William Santana Li, chief executive of Carbon Motors, which on Wednesday dropped its $310 million application to build police cars with diesel engines that use 40 percent less fuel than current models.

Echoing other companies that were denied loans or have withdrawn their applications, Mr. Li said that in recent months federal officials had repeatedly altered the terms of the possible loans. Last month, Chrysler withdrew its application for $3.5 billion in loans — after three years of negotiations — because the government kept raising the amount of collateral required, company officials said.

"I don't want any favors," Sergio Marchionne, the Chrysler chief executive, said before the withdrawal. "I just don't want to be mistreated."

Energy Department officials declined to discuss specific loan requests because of confidentiality agreements, but they denied that the political fallout of Solyndra's bankruptcy was an issue.

"It's not unusual for terms to continually shift and change and evolve as a negotiation moves forward," said Damien LaVera, a department spokesman. "It's a constantly evolving process from the day they apply to the day they close their loans."

Supporters of the program have expressed disappointment with the rash of withdrawals.

"It's unfortunate that more companies have not been approved recently," said Senator Debbie Stabenow, Democrat of Michigan. "We are looking at options to ensure that the initiative will continue to help manufacturers create advanced technology jobs in America."

Applicants for the loans, big and small, said the department had inexplicably altered financial terms of pending loans with no earlier hint that the applications might be in jeopardy. The consequences have been dire for Bright Automotive, a start-up in Michigan that withdrew its application last month. It is shutting down operations to produce a plug-in hybrid delivery van after energy officials suddenly demanded that the company raise $345 million in private funds for a project that needed a $314 million loan.

Company executives said that federal officials told them that they were impressed with the Bright van, but often talked about how the Energy Department could not risk "another Solyndra situation." Solyndra ceased operations last August but it was evident to the Energy Department some months earlier that the company was in trouble; in May 2010, some White House officials were concerned that the company might not survive.

The auto loan fund, known as the Advanced Technology Vehicle Manufacturing program, or A.T.V.M., was created in 2007 in conjunction with new federal fuel economy requirements. The intent was for loans to spur development of vehicles that would get 20 percent improvements in gas mileage over models they replaced. Since then, the program has become all the more relevant because fuel-efficiency rules were increased even further in 2011 to a target of 54 miles per gallon by 2025.

Even with President Obama's emphasis on promoting cleaner cars, only $8.4 billion of the $25 billion authorized by Congress for the A.T.V.M. program has been allocated, with just one small project of $50 million gaining approval in the last two years. With the recent withdrawals of applications, it is unclear whether any car loan applications are still being considered.

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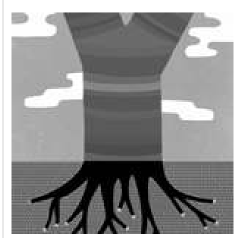

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