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Senators say Energy loan programs need restructuring

BY DAVID SHEPARDSON DETROIT NEWS WASHINGTON BUREAU 0 COMMENTS

Washington — Senators on Tuesday morning harshly criticized the Energy Department's handling of the \$25 billion auto loan program, calling the initiative "virtually dormant."

At a hearing before the Energy and Natural Resources Committee, several senators said the government's loan programs to help utilities, automakers and other companies with green energy efforts should be completely restructured.

Energy Secretary Steven Chu defended the department's handling of the program, saying the government needs to protect taxpayers. "We would like to see private equity invested in these companies," Chu said. He said the government wants to see evidence of private support. "We are very focused on the driving the cost (of electric vehicles) down."

But some senators say the program doesn't make sense. "We need to get out of this business," said Sen. Rand Paul, R-Ky.

The Energy Department has offered no new auto retooling program in a year, and no new major loans in two years. It has taken a much harder line in loan talks, and sharply reduced the amount it has been willing to lend firms. Those decisions have prodded many companies to walk away after years of talks to win loans.

Sen. Ron Wyden, D-Ore., said Congress should take a new look at all of the Energy Department's loan programs.

Republicans have seized on the fact that solar-panel startup Solyndra LLC filed for bankruptcy, putting 1,100 people out of work — a move that could cost taxpayers the \$528 million the government loaned to the California firm.

Since then, the Obama administration has been extremely reluctant to offer new loans.

Sen. Debbie Stabenow, D-Lansing, said in an interview that the "fallout from Solyndra has certainly dampened (the Energy Department's) willingness to make new loans." She said she was "deeply frustrated" that so many companies have been denied loans.

She told Chu that the program has become "bogged down" and is "defeating the purpose" of the program.

The Advanced Technology Vehicle Manufacturing that was created in 2007 and funded by Congress in 2008 with \$7.5 billion to cover taxpayer losses for low-cost government loans; the Energy Department has allocated less than half of the funds to.

A White House appointed auditor, Herb Allison, found in a recent report that projected taxpayer losses from all of its \$23.77 billion in loans has fallen from \$2.9 billion to \$2.7 billion

But he said the costs are uncertain to predict. "Most projects are in early development and some are deploying unproven technologies, so their future performance is hard to predict," Allison said.

Allison told the committee said the program needs significant improvements, including a permanent staff to oversee loans.

Allison cited the success of Ford Motor Co., which received a \$5.9 billion loan from the program. He said the government's debt in connection with the Ford loan is rated at "BBB," which is investment grade.

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