



Ben Schreiber
Climate and Energy Tax Analyst

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green scissors

Cutting Wasteful and Environmentally Harmful Spending

2011



**Friends of
the Earth**



PUBLIC CITIZEN



MAKING GOVERNMENT WORK

THE HEARTLAND INSTITUTE
IDEAS THAT EMPOWER PEOPLE



- Earthjustice • Friends of the Earth • League of Conservation Voters • ¶
 - Natural Resources Defense Council • Public Citizen • ¶
 - Sierra Club • The Wilderness Society • U.S. PIRG • ¶
- ¶

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June 23, 2005¶

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Dear Senator:¶

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As national environmental and consumer groups, we are writing to support the Sununu-Wyden amendment to strike Title XIV—The Incentives Title—from the senate energy bill (H.R. 6), the Energy Policy Act of 2005. This title takes the unprecedented step of subsidizing an unlimited number of energy projects including nuclear power and fossil fuels plants. **We urge you to support the Sununu-Wyden amendment to strike Title XIV from H.R.6.**¶

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Sincerely,¶

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Anna Aurilio → → → → → → Debbie Boger¶
Legislative Director → → → → → Deputy Legislative Director¶
U.S. PIRG → → → → → → Sierra Club¶

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Sara Zdeb → → → → → → Wenonah Hauter¶
Legislative Director → → → → → Director, Energy Program¶
Friends of the Earth → → → → → Public Citizen¶

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Karen Wayland → → → → → → Sara Williams¶
Legislative Director → → → → → Legislative Associate¶
National Resources Defense Council → → → → → Earthjustice¶

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Linda Lance → → → → → → Tiernan Sittenfeld¶
V.P. for Public Policy → → → → → Legislative Director¶
The Wilderness Society → → → → → League of Conservation Voters¶

1703 SELF PAY LOAN GUARANTEE AUTHORITY BY TECHNOLOGY

Technology	Amount in billions
Nuclear reactors	\$18.5
Uranium enrichment	\$2.0
Carbon sequestration (mostly benefits coal)	\$6.0
Coal gasification	\$2.0
Unrestricted (\$2 billion conditionally given to uranium enrichment)	\$4.0
Renewables	\$1.5
Total	\$34.0

Table 7: Section 1703 Applications Reaching Conditional Commitment as of September 30, 2011, by Solicitation

Dollars in millions					
Solicitation	Sponsor	Name	Technology	Date conditional commitment offered	Guarantee amount
Mixed, 8/8/08	SAGE Electrochromics, LLC	SAGE Electrochromics	Energy Efficiency	3/5/2010	\$72
EERE 08, 6/30/08	ADA-ES, Inc.	Red River	Energy Efficiency	12/8/2009	245
Nuclear Front-End, 6/30/08	AREVA NC, Inc.	Eagle Rock Enrichment Facility	Nuclear Front-End	5/20/2010	2,000
Nuclear Power, 6/30/08	Georgia Power Company	Vogtle 3&4	Nuclear Generation	2/16/2010	3,460
Nuclear Power, 6/30/08	MEAG	Vogtle 3&4	Nuclear Generation	2/16/2010	1,809
Nuclear Power, 6/30/08	Oglethorpe Power Corp.	Vogtle 3&4	Nuclear Generation	2/16/2010	3,057
Total					\$10,643

Source: GAO analysis of DOE data.

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Borrowers “may turn down a guarantee if they believe DOE’s fee is too high but go forward if they consider [it] too low. This also makes it more likely that DOE’s loan guarantee portfolio will have more projects where the subsidy fee has been underestimated than overestimated.”

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“Having a federal loan guarantee would lower the cost of capital and improve a project’s viability if the credit risk is shifted to the federal government. However, requiring the borrower to pay the subsidy fee shifts most of that risk and cost back to the project, leaving its creditworthiness largely unchanged. Because such projects are either uneconomic or marginally so without the guarantee, there is a practical limit to how large the subsidy fee can be without jeopardizing the project’s financial prospects.

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In addition, prospective borrowers will have imperfect information about the risk associated with their proposals and may turn down a guarantee if they believe DOE's fee is too high but go forward if they consider it too low. This also makes it more likely that DOE's loan guarantee portfolio will have more projects where the subsidy fee has been underestimated than overestimated."

REPRESENTATIVE MIKE SIMPSON (ID-2) IN E&E NEWS MARCH 28, 2012

"Did I put undue influence on the administration?" he asked. "Maybe."