



U.S. DEPARTMENT OF ENERGY

LOAN PROGRAMS OFFICE

INVESTING *in*
AMERICAN ENERGY

INTRODUCTION TO TRIBAL ENERGY LOAN GUARANTEE PROGRAM

John Sneed & Douglas Schultz
Reservation Economic Summit 2018
March 7, 2018

We heard during **National Tribal Energy Summit 2017** and from **Indian Country Energy & Infrastructure Working Group...**



that implementing the **Tribal Energy Loan Guarantee Program** is a priority

- DOE is launching the **Tribal Energy Loan Guarantee Program**
- Now we need your input to implement
- Contact us at **TELGP@HQ.DOE.GOV**



TRIBAL ENERGY LOAN GUARANTEE PROGRAM

History:

- Established by Energy Policy Act of 2005
- Funded in Fiscal Year 2017
- Program delegated to LPO in 2018 to implement
- Seeking comments and input through April 30, 2018

TRIBAL ENERGY LOAN GUARANTEE PROGRAM

Statutory Authority:

- “Secretary of Energy may provide loan guarantees for an amount equal to not more than **90 percent of the unpaid principal and interest** due on any loan made to an **Indian tribe** for **energy development**.”
- “The aggregate outstanding amount guaranteed by the Secretary of Energy at any time under this subsection shall not exceed **\$2,000,000,000**.”
- **DOE can structure the program as needed:**
“The Secretary of Energy may issue such regulations as the Secretary of Energy determines are necessary to carry out this subsection.”

TRIBAL ENERGY LOAN GUARANTEE PROGRAM

We want to listen and get your input:

- Broad program authority means flexibility in implementation
- Success is a program that meets the needs of tribes
- Tribal input is key
- Contact us at **TELGP@HQ.DOE.GOV**

TRIBAL ENERGY LOAN GUARANTEE PROGRAM

We want to listen and get your input:

- What types of projects should be eligible?
- What types of benefits to Tribes should be contemplated?
- What should be the minimum and/or maximum size of a loan?
- What are the barriers to accessing capital?
- How should the application process be structured?

TRIBAL ENERGY LOAN GUARANTEE PROGRAM

Goals:

- Increase availability of commercial debt financing rather than replace existing debt markets
- Provide economic opportunities to tribes through energy development projects and activities

LOAN PROGRAMS

TITLE XVII INNOVATIVE CLEAN ENERGY PROJECTS



- Loan Guarantees
- Open Technology-Specific Solicitations

ATVM



ADVANCED TECHNOLOGY VEHICLES MANUFACTURING

- Direct Loans
- Rolling Application Deadlines

TELGP TRIBAL ENERGY LOAN GUARANTEE PROGRAM



- Partial Loan Guarantees
- Program Under Development

PORTFOLIO OVERVIEW

\$32 BILLION IN FINANCING

> 30 PROJECT LOCATIONS

18 STATES



CURRENT PORTFOLIO TECHNOLOGIES

- ⚡ Advanced Technology Vehicles Manufacturing
- ⚡ Advanced Nuclear Energy
- ⚡ Bioenergy & Biofuels
- ⚡ Concentrating Solar Power
- ⚡ Geothermal Power
- ⚡ Photovoltaic Solar
- ⚡ Solar Manufacturing
- ⚡ Storage & Transmission
- ⚡ Wind Energy



BRIDGING THE GAP

- Access to long-term senior debt can be important to help leverage equity investments for long-lived, capital intensive projects.
- However, long-term senior lenders tend to focus on their competencies and can be reluctant to make investments to understand perceived new risks that they consider to be too complicated versus the perceived potential payback.

BRIDGING THE GAP

- And even when some lenders are willing to lend, overall long-term senior debt capacity can be impacted by general regulatory requirements, individual lender exposure limits and overall market capacity.
- **LPO programs are designed to be catalysts for new investment areas by expanding the long-term senior credit capacity of private sector lenders.**

BRINGING LENDERS INTO A NEW MARKET

U.S. UTILITY-SCALE PHOTOVOLTAIC SOLAR (PV) PROJECTS >100MW

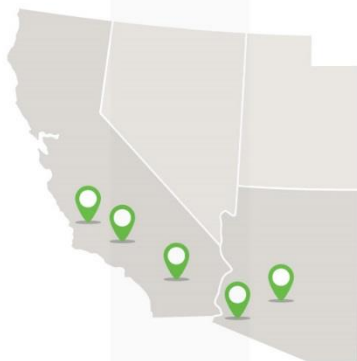
2010

2016

2012

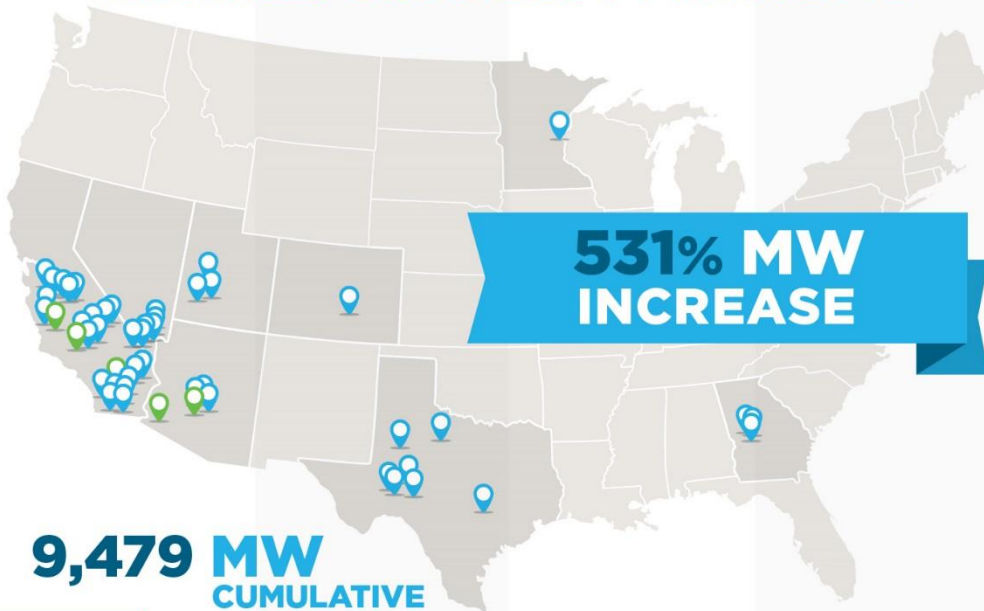
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UTILITY-SCALE
PV PROJECTS
IN THE U.S.

5
LPO PV PROJECTS
\$4.6 BILLION
IN LOANS



1,502 MW

45
PRIVATELY FINANCED PV PROJECTS



9,479 MW
CUMULATIVE

**1705 Program
Ends**

NOTE: MW totals include projects operating or that have obtained financing. All information as of September 2016.

FINANCIAL INSTITUTION PARTNERSHIP PROGRAM

ORMAT NEVADA

OWNERS

Ormat Nevada, Inc. &
Ormat Technologies

LOCATIONS

Jersey Valley, McGinness
Hills & Tuscarora, Nevada

LOAN AMOUNT

\$350 Million

ISSUANCE DATE

September 2011

GENERATION CAPACITY

97 MW

PROJECTED ANNUAL GENERATION

557,000 MWh

CLIMATE BENEFIT

**301,000 Metric Tons of
CO₂ Prevented Annually**

With 3 facilities across the state, Ormat Nevada increases Nevada's clean power capacity by tapping into a vast underground geothermal reservoir.



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FINANCIAL INSTITUTION PARTNERSHIP PROGRAM

SHEPHERDS FLAT

OWNER

Caithness Energy, LLC

LOCATIONS

**Gilliam County &
Morrow County, Oregon**

LOAN AMOUNT

\$1.3 Billion

ISSUANCE DATE

December 2010

GENERATION CAPACITY

845 MW

PROJECTED ANNUAL GENERATION

1,800,000 MWh

CLIMATE BENEFIT

**1,000,000 Metric Tons of
CO₂ Prevented Annually**



Spanning two counties of working heritage ranch land in eastern Oregon, Shepherds Flat is one of the world's largest wind farms.



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LPO-FINANCED TRANSMISSION PROJECT IN SOUTHWEST

ONE NEVADA LINE

Using advanced electric transmission towers, One Nevada Line improves grid reliability and delivers renewable electricity to high demand areas.

OWNERS

**LS Power Associates,
NV Energy &
John Hancock**

LOCATION

Eastern Nevada

LOAN AMOUNT

\$343 Million

ISSUANCE DATE

February 2011

TRANSMISSION CAPACITY

600 MW

TRANSMISSION LENGTH

235 Miles



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LPO COORDINATION WITH TRIBES

SOLANA

An innovative energy storage system provides Solana with 'night-time' solar that allows electricity production for up to 6 hours without the sun.

OWNERS

**Atlantica Yield & Liberty
Interactive Corporation**

LOCATION

Gila Bend, Arizona

LOAN AMOUNT

\$1.45 Billion

ISSUANCE DATE

December 2010

GENERATION CAPACITY

250 MW

PROJECTED ANNUAL GENERATION

900,000 MWh

CLIMATE BENEFIT

**480,000 Metric Tons of
CO₂ Prevented Annually**



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BROAD RANGE OF POTENTIALLY ELIGIBLE PROJECTS

NO RESTRICTION ON TYPE OF PROJECT/TECHNOLOGY

Provide or expand electricity or other energy services such as generation, transmission, energy storage projects, or enhance energy resource extraction or processing (e.g. mining, oil & gas, biofuels, chemicals).

NO REQUIREMENT FOR INNOVATION

Projects employing commercial technology preferred and may use renewable or fossil energy sources.

NO SPECIFIC LOCATION REQUIREMENT

On tribal land, traversing or connecting tribal land and nontribal land, or outside of tribal land, but otherwise benefiting the tribe. Can involve a single site or distributed portfolio.

DISCUSSION POINTS

- What kinds of projects are planned at this time?
- How should DOE evaluate a projects' benefits to a tribe?

APPLICATION STRUCTURE

SIMILAR TO FIPP SYNDICATED LOAN STRUCTURE

Borrower first approaches commercial lender

Lenders would apply for DOE loan guarantee for specific borrower/project.

DOE, lender, and borrower engage in diligence process and negotiations

DISCUSSION POINTS

What are the benefits and challenges of this structure for tribes?

FINANCIAL TERMS

REASONABLE PROSPECT OF REPAYMENT

Eligible projects must be able to repay loan principal and interest.

DOE will require credit ratings.

EQUITY

DOE expects that borrowers will make a significant equity contribution, in the form of cash, in the proposed project.

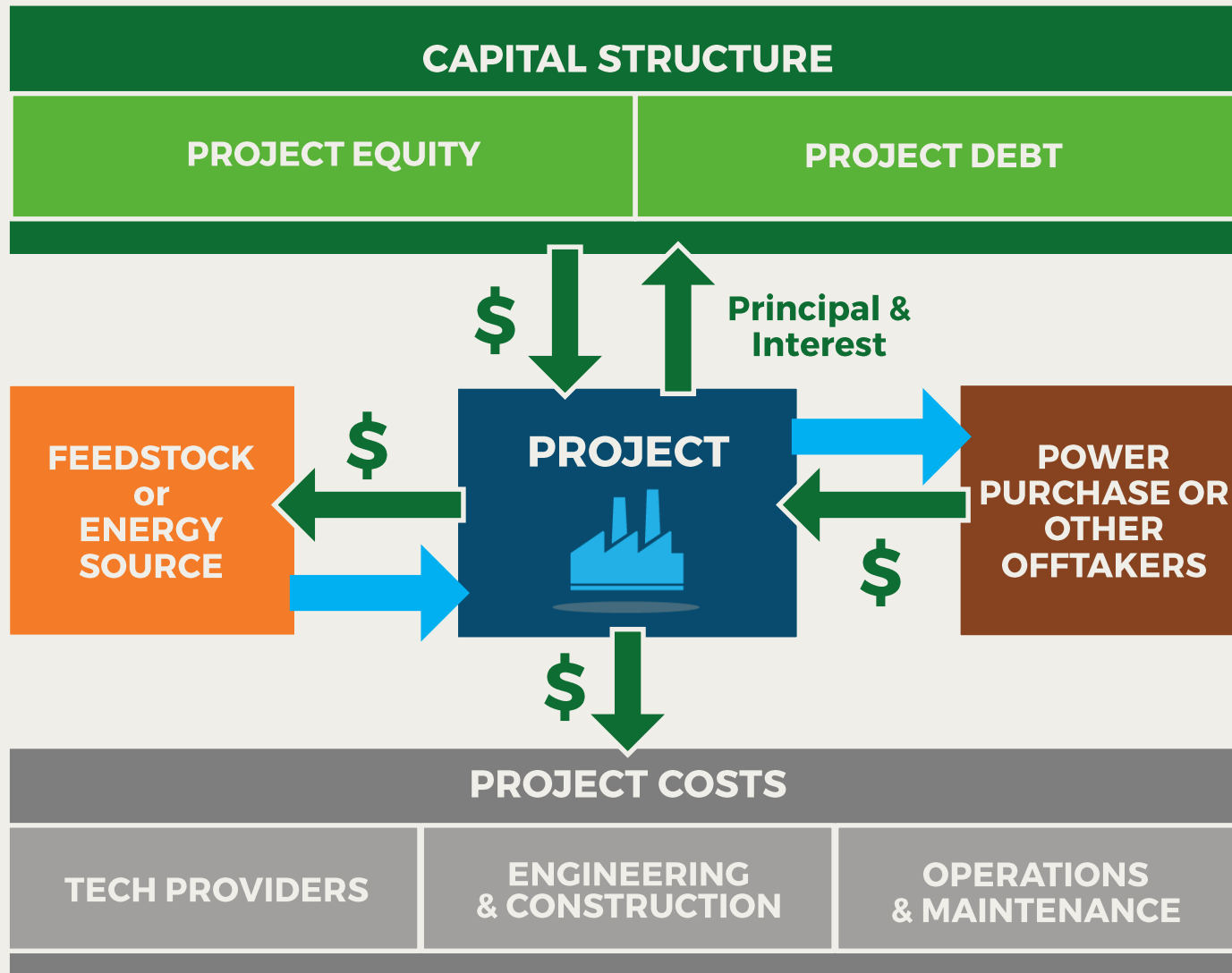
FEES AND COSTS

DOE expects that DOE's external advisor costs incurred will be borne by the borrower.

Application and other fees to defer some of the internal costs that may be incurred by DOE.

Credit subsidy costs, payable at closing, may be only partially covered by appropriated funds.

SAMPLE PROJECT FINANCE STRUCTURE



TRIBAL ENERGY LOAN GUARANTEE PROGRAM

APPLICATION PROCESS

NOTE: This process is being designed to allow ramp-up in costs/effort over phases following preliminary eligibility findings.

01

APPLICATION-PART I

- Determine basic eligibility
- Initial application fee, TBD

02

APPLICATION-PART II

- Confirmatory due diligence
- Larger installment of application fee, TBD

03

CONDITIONAL COMMITMENT

- Negotiate term sheet
- Lay out road map to closing

04

LOAN GUARANTEE

- Negotiate final agreements
- Remaining fees
- Calculate & pay credit subsidy at closing

ADDITIONAL QUESTIONS?

Contact us to request a private meeting during the conference to discuss specific projects

Email TELGP@HQ.DOE.GOV to:

- Obtain additional copies of TELGP Introductory Letter emailed to tribal mailing list
- Provide written comments (accepted until April 30, 2018)



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