

ONE HUNDRED TWELFTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641

October 10, 2012

The Honorable Steven Chu
Secretary
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Dear Secretary Chu:

Pursuant to Rules X and XI of the U.S. House of Representatives, the Committee on Energy and Commerce is continuing its examination of the Department of Energy's (DOE) Loan Guarantee Program. We write today seeking documents and information regarding certain technological and manufacturing problems experienced by Abound Solar Manufacturing, LLC (Abound), a recipient of a \$400 million DOE loan guarantee.

Abound was the fifth stimulus-funded loan guarantee issued under Section 1705 of the Energy Policy Act of 2005, as amended by the American Recovery and Reinvestment Act (ARRA). Just nine months after the closing of a \$400 million loan guarantee in December 2010, DOE stopped funding the project. At the time DOE suspended Abound's loan guarantee payments in September 2011, Abound claimed that market pricing pressures and its decision to manufacture a different kind of solar panel caused the company to miss the targets established by the DOE loan guarantee agreement. On July 2, 2012, the company filed for bankruptcy, having received \$70 million in loan guarantee funds. Abound is the third company that has received a DOE loan guarantee to go bankrupt.

Recent reports and publicly available documents indicate that persistent technological problems contributed to Abound's inability to remain commercially viable and, ultimately, its bankruptcy. We have questions about what role these technological problems played in DOE's decision to suspend Abound's loan guarantee disbursements in September 2011, and when DOE first became aware of these problems. For example, the June 24, 2010, Credit Committee paper submitted to the DOE Credit Review Board noted DOE's familiarity with the technology, as Abound's "[r]esearch and development activities were primarily funded by Federal grants awarded through DOE and its National Renewable Energy Laboratory (NREL), and the National

Science Foundation.” In addition, the minutes of the DOE Credit Review Board meeting that approved the Abound conditional commitment on July 1, 2010, state that “the technology risk is low as Abound has successfully demonstrated that it is capable of producing solar panels as expected.” Indeed, in announcing the conditional commitment to Abound two days later, DOE stated that the company’s “technology offers numerous improvements over existing manufacturing methods” and is “expected to create significant enhancements in film quality, device efficiency and stability, and product yield.”

While documents prepared at the time DOE awarded a conditional commitment to Abound do not mention any technological problems, an engineering report submitted to DOE just two months before DOE closed Abound’s \$400 million loan guarantee indicate that Abound’s panels were already experiencing significant efficiency and technological difficulties. This report, prepared by an engineering firm that DOE had engaged to review Abound, found that the company’s panels were experiencing major performance shortfalls when installed by one of the company’s main customers. The Independent Technical Review performed by the firm found that, “[t]ests of the panels show a greater than expected decrease in output occurs as the panels are exposed to sunlight and start to heat up. . . . The results of the tests point to excessive copper diffusion as the main cause for the performance shortfall.” The problems noted in October 2010 by the engineering firm retained by DOE appear to be similar to the problems described in recent reports about Abound’s solar panels. In fact, publicly available documents show that several of Abound’s customers ultimately asked the company to replace or repair their solar panels because they were malfunctioning or experiencing substantial losses in efficiency.

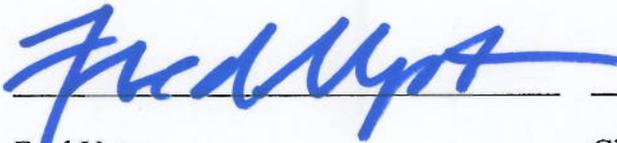
The Committee seeks to better understand what DOE knew about problems with Abound’s solar panels prior to finalizing its \$400 million loan guarantee in December 2010 and approving \$70 million in loan guarantee funds to the company in 2011. To assist the Committee in its efforts, we ask that you provide the following documents no later than October 24, 2012:

1. All engineering reports, technical assessments, tests, or analyses of Abound’s solar panels either created or provided to DOE, including drafts of such documents.
2. All marketing reports, assessments, or analyses of Abound either created or provided to DOE, including drafts of such documents.
3. All monitoring or construction reports submitted by Abound to DOE following the closing of the Abound loan guarantee in December 2010.
4. All legal, financial, or other due diligence memoranda or analyses of Abound prepared by or for DOE, including drafts of such documents.
5. All presentations, PowerPoints, or other analyses of Abound submitted to OMB by DOE.
6. All reviews, annual loan reviews, or other analyses by DOE of Abound following the closing of the Abound loan guarantee in December 2010.

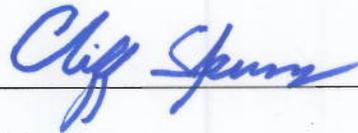
7. All documents and communications referring or relating to the performance of Abound's products between or among DOE, Abound, the independent engineer, and/or Abound's customers since January 1, 2010.

An attachment to this letter provides additional information about how to respond to the Committee's requests. We request that you contact Karen Christian or John Stone with the Committee staff no later than October 11, 2012 to discuss a production schedule that will result in all responsive documents being produced to the Committee by October 24, 2012.

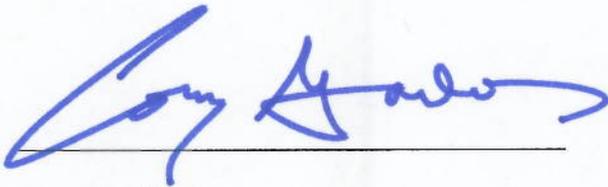
Sincerely,



Fred Upton
Chairman



Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations



Cory Gardner

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations