

ONE HUNDRED THIRTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**

COMMITTEE ON ENERGY AND COMMERCE

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WASHINGTON, DC 20515-6115

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

April 26, 2013

The Honorable Daniel Poneman  
Acting Secretary  
U.S. Department of Energy  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

Dear Acting Secretary Poneman:

Pursuant to Rules X and XI of the United States House of Representatives, the Committee on Energy and Commerce is continuing its examination of the U.S. Department of Energy (DOE) Loan Guarantee Program.

As you know, the DOE Loan Programs Office (LPO), in exercising the authority granted to it by the American Recovery and Reinvestment Act of 2009 (ARRA), issued approximately \$15 billion in loan guarantees to 28 projects under the Section 1705 program.<sup>1</sup> Of the 28 loan guarantees finalized by the LPO prior to expiration of the program on September 30, 2011, only 23 projects remain operational within DOE's investment portfolio.<sup>2</sup> Three loan guarantee recipients -- Solyndra, Inc., Beacon Power Corp., and Abound Solar, Inc. -- have declared bankruptcy after drawing \$535 million, \$25 million, and \$70 million of their respective loan guarantee awards. Meanwhile, public reports have indicated, and the Committee's investigation has confirmed, that several active Section 1705 projects are facing significant financial problems.

The Section 1705 loan guarantee program was advertised not only as a "program for [the] rapid deployment of renewable energy and electric power transmission projects"<sup>3</sup> but also as a program that would achieve ARRA's more general purpose of "preserv[ing] and creat[ing] jobs

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<sup>1</sup> See U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-13-331R, DEPARTMENT OF ENERGY: STATUS OF LOAN PROGRAMS (Mar. 15, 2013), available at <http://www.gao.gov/assets/660/653064.pdf>.

<sup>2</sup> On January 23, 2012, cellulosic ethanol producer POET LLC announced that it had declined a \$105 million loan guarantee in favor of private funding. See Press Release, POET LLC, With New Cellulosic Ethanol Joint Venture, POET to Decline DOE Loan Guarantee Before Drawing Funds (Jan. 23, 2012), available at <http://poet.com/pr/with-new-cellulosic-ethanol-joint-venture-poet-to-decline-doe-loan-gu>. AES Energy Storage, LLC similarly declined its \$17.1 million loan guarantee.

<sup>3</sup> American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, § 1705, 123 Stat. 145 (2009) (codified at 42 U.S.C. 16516 (Lexis 2012)).

and promot[ing] economic recovery.”<sup>4</sup> To emphasize the apparent role that Section 1705 has had in advancing the latter, the DOE LPO maintains a list on its website of the estimated number of permanent and temporary construction jobs preserved or created by each project.<sup>5</sup>

Unfortunately, based on Committee staff’s review of the redacted annual loan reviews for each project, it appears that these job estimates have failed to materialize, in part, due to the aforementioned bankruptcies and the precarious financial positions of certain other projects. Despite these changing conditions, however, the estimated number of jobs preserved or created by the Section 1705 program, as advertised on the DOE website, has unexpectedly remained the same. The consistency of DOE’s job creation numbers is even more surprising given the fact that, according to the loan reviews made available to Committee staff, DOE has not disbursed a single dollar to five loan guarantee recipients. In fact, DOE has only disbursed about \$8.3 billion of the \$15 billion in loan guarantees.

Section 1705, as part of the ARRA, was marketed to the American public as a vehicle for job creation and preservation. In order to better understand whether DOE’s investment of taxpayer dollars into Section 1705 projects has actually resulted in the job numbers promised, please provide written answers to the following questions by May 8, 2013.

- Q1. For each loan guarantee issued under Section 1705, please provide the number of permanent and temporary construction jobs actually created or preserved as a result of DOE’s issuance of the guarantee. If those numbers differ from those listed on the LPO website, please explain what accounts for such a difference and whether DOE intends to update its website accordingly.
- Q2. How did DOE initially determine the Section 1705 job creation/preservation estimates currently listed on the LPO website? Did DOE conduct its own independent evaluation of the potential job creation/preservation resulting from each Section 1705 loan guarantee or rely solely on the representations of Section 1705 applicants? If the latter, what review did DOE conduct to verify this information?
- Q3. Of the five loan guarantee recipients who have not received a loan disbursement, does DOE expect these projects to become operational? If so, when? Is there a deadline by which these projects must meet certain targets or deadlines to remain eligible for their loan guarantees?

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<sup>4</sup> *Id.* at § 3(a)(1), 123 Stat. 116.

<sup>5</sup> See *The Financing Force Behind America’s Clean Energy Economy*, U.S. DEP’T OF ENERGY LOAN PROGRAMS OFFICE, [https://lpo.energy.gov/?page\\_id=45](https://lpo.energy.gov/?page_id=45) (last visited Apr. 29, 2013).

If you have any questions, please do not hesitate to contact Daniel Tyrrell with the Committee staff at (202) 225-2927.

Sincerely,



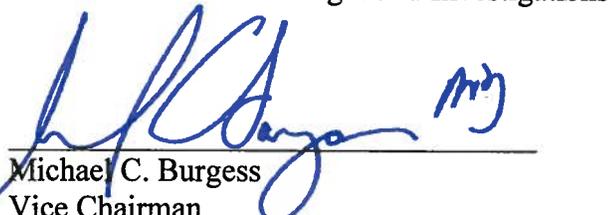
Fred Upton  
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Chairman  
Subcommittee on Oversight and Investigations



Marsha Blackburn  
Vice Chairman



Michael C. Burgess  
Vice Chairman  
Subcommittee on Oversight and Investigations



Joe Barton  
Chairman Emeritus

cc: The Honorable Henry Waxman, Ranking Member

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