American Diversified Energy
CONSULTING SERVICES

Restoring the U.S. Department of Energy Title 17 Loan Guarantee Program
Will Create Jobs, Stimulate Private Sector Investment & Help Pay for Tax Cuts

The DOE's Title 17 Loan Guarantee Program has been eliminated in the Water and Energy spending bills (H.R.3266 and S.1609) making their way through the U.S. Congress. **Rescinding $23.67 billion in loan authority for Title 17 does not make economic, fiscal or business sense. HERE'S WHY:**

- **There currently are $50 billion in infrastructure projects – with the potential of creating up to 300,000 jobs – going through the Title 17 application process.** These projects are only one or two steps away from being ready to build, with the first projects ready to go in 2018.
- **These projects cannot be financed in any other way. Cutting the Title 17 program will stop these projects.**
- The Title 17 program has shown through the projects it already has supported that each federal dollar invested in a loan guarantee stimulates more than $10 in private capital investment, and leads to scores of additional follow-on projects supported entirely by private sector financing.
- Every project in the Title 17 pipeline that is built will generate tax revenues for local communities, states and the federal government, as well as state and federal income taxes from the salaries paid to workers.
- That's not all**. DOE's Title 17 Loan Guarantee Program and its sister, the Advanced Technology Vehicle Manufacturing (ATVM) direct loan program, have produced an average of $250 million per year in interest payments, returning almost $2 billion in collections to the U.S. Treasury since their first loan closing in 2009**.
- **Its losses represent only 3.1% of its portfolio**, a loss rate any commercial bank would happily claim.
- The bulk of the administrative costs necessary to operate the Title 17 program – up to $37 million per year – are paid by the companies that submit applications. Only $17 million per year has been allocated from the general fund for the past two fiscal years for the Title 17 program in the DOE budget. Another $5 million per year was allocated in FY2016 and FY2017 to operate the ATVM program.
- **WHILE ACTUAL & PROJECTED REVENUES HAVE NO IMPACT OR RELEVANCE IN THE U.S. CONGRESS WHEN IT COMES TO SCORING SPENDING BILLS, THE REVENUES GENERATED FOR THE U.S. TREASURY BY THE TITLE 17 & ATVM PROGRAMS OCCUR NEVERTHELESS.**
- In fact, interest payments to the U.S. Treasury from Title 17 and ATVM loan obligations generate six times more in revenue than the total administrative costs required to operate the programs, and 11 times more in revenue when the fees paid by companies that submit applications are taken into account ($250M/$22M = 11.4).
- The $250 million in annual interest payments that currently are being paid to the Treasury will continue for as long as the current Title 17 and ATVM loans are outstanding. However, **the longer these two programs are extended, the more projects will be approved, and the more revenues to the Treasury will increase.**
- Based on the revenues being generated by the current Title 17 and ATVM loan portfolios, the projects under review could generate another $400 million per year in interest payments. **That's $4 billion over 10 years**.
- **Saving $220 million over 10 years while foregoing $4 billion in revenues, does NOT make sense.**

PRIORITY PROJECTS CURRENTLY IN THE TITLE 17 PIPELINE, IN WHICH PRIVATE COMPANIES HAVE INVESTED YEARS OF WORK AND MILLIONS OF DOLLARS, SHOULD BE ALLOWED TO MOVE FORWARD. To keep these projects moving and keep the Title 17 program alive for 2018 will require an additional $20 million in administrative costs and $150 million to restore $15 billion in loan authority. This is an investment that will repay itself many times over in the revenues these projects will generate for the U.S. Treasury and in the privately- funded, follow-on projects they will stimulate.

The Title 17 and ATVM programs overcome project-stopping obstacles in obtaining loans for the first commercial deployments of innovative American energy projects:

- Financing innovative, disruptive technologies is not something the private sector can do or do better. The Title 17 program was established because the private sector will not finance projects that have a high risk of failure due to the use of something that is brand new, unproven, and never done before at commercial scale.
- Every project advanced through research and development (R&D) by DOE will be meaningless unless they can can be commercialized and deployed so that the nation can benefit from these technologies.
- **Without a path to commercialization, no innovation advanced through R&D will be able to become reality.**

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