

Jonathan Silver

From: Peter O'Rourke [redacted@gmail.com]

Sent: Thursday, June 16, 2011 9:40 PM

To: jonathan@redacted.net

Cc: Matt Winters

Subject: Re:

Yeah, even more so given that Geitner actually chimed in. Kind of nuts that Chu defeated Treas Sec, OMB head, and NEC head.

Thanks very much to both of you for all the time you put into getting this through the gauntlet. I know your plates are very full, so your time is appreciated by all of the deal team.

peter

On Thu, Jun 16, 2011 at 8:28 PM, Jonathan Silver <jonathan@redacted.net> wrote:
Chu is right not to gloat publicly, but, the full deal going forward minus a year, is a close to an annihilation of the economic team's position as you could actually possibly hope for. Its actually daley giving them a fig leaf. Think about it.
Let's do some serious gloating when I get back.
Total victory.

Jonathan Silver

cell: 202 309- redacted

jonathan@redacted.net

Evans, Denise

From: Shikany, Ann [redacted@Hq.Doe.Gov] on behalf of Silver, Jonathan [redacted@hq.doe.gov]
Sent: Friday, June 24, 2011 1:17 PM
To: 'jonathan@[redacted].net'
Subject: FW: Draft LPO slides for POTUS meeting

From: Hurlbut, Brandon
Sent: Friday, June 24, 2011 12:14 PM
To: SCHU
Cc: Adams, Ian; Poneman, Daniel; Winters, Matthew; Carlson, Jaime; Silver, Jonathan; Navin, Jeff
Subject: Re: Draft LPO slides for POTUS meeting

I am in a CRB for the next half hour - they need me for quorum - I will call you when this meeting ends.

From: SCHU
To: Hurlbut, Brandon
Cc: Adams, Ian; Poneman, Daniel; Winters, Matthew; Carlson, Jaime; Silver, Jonathan; Navin, Jeff
Sent: Fri Jun 24 12:08:21 2011
Subject: RE: Draft LPO slides for POTUS meeting

Brandon,

This is missing important information: what could have been improved, why did the loans take so long, and why was there so much interagency angst. Below is the "blunt, truthful" version.

We need to tell the President the truth, as we see it. We need to also present the other side's point of view as fairly as possible.

- 1) Treasury, and often OMB felt that the all the allowed subsidies, when added together, permitted to loan applicants too large a ROI. ("Unjust enrichment"). We could not agree on even the underlying assumptions of how much a subsidy was worth. Give one example of a deal that we could not agree on and the particulars of that deal.
- 2) Many times, they felt that a "better deal" could have been brokered by DOE and asked us to re-negotiate.
- 3) I heard that OMB assigned very few people to review the loans. Would they acknowledge that?
- 4) Throughout the loan program, DOE was asked to respond to multiple inquiries on virtually all loans, amounting to thousands of pages of questions. Many times they specifically refused to have in-person briefings.
- 5) Other agencies would sometimes argue that a particular loan is "not in the spirit of the Recovery Act"
- 6) Principles in OMB and especially Treasury would often times rely on lower level staffers – e.g. acting deputy assistant secretary – and back them without understanding the details of the loan. The staffers would cite numerous initial objections, and as we explained the loan, their objections shifted to other reasons. Throughout the process, they believed that were taking "principled stands."

12/2/2011

7)

Steven Chu
Department of Energy

From: Hurlbut, Brandon

Sent: Friday, June 24, 2011 11:35 AM

To: SCHU

Cc: Adams, Ian; Poneman, Daniel; Winters, Matthew; Carlson, Jaime; Silver, Jonathan; Navin, Jeff

Subject: Draft LPO slides for POTUS meeting

Attached are the draft slides for the daily economic briefing with the President on Monday where you will discuss the status of LPO. The WH was very direct about what should be included in the slides so we don't have much flexibility. They want:

- 3 slides that describe the status of the program and explain why the President hears so much about it. The President actually hears about it because at official events and political events he interacts with business community and Congressional members - many of them have some affiliation or interest in the numerous applications we have received that involve substantial funds. As a result, the President has likely heard a wide range of feedback on the program and wants to know its status.
- 1 slide on status of Cape Wind (because he has heard from Gov. Patrick a few times - they are close friends)
- 1 slide on USEC (I think Gov. Kasich brought it up when he golfed with the President last weekend).

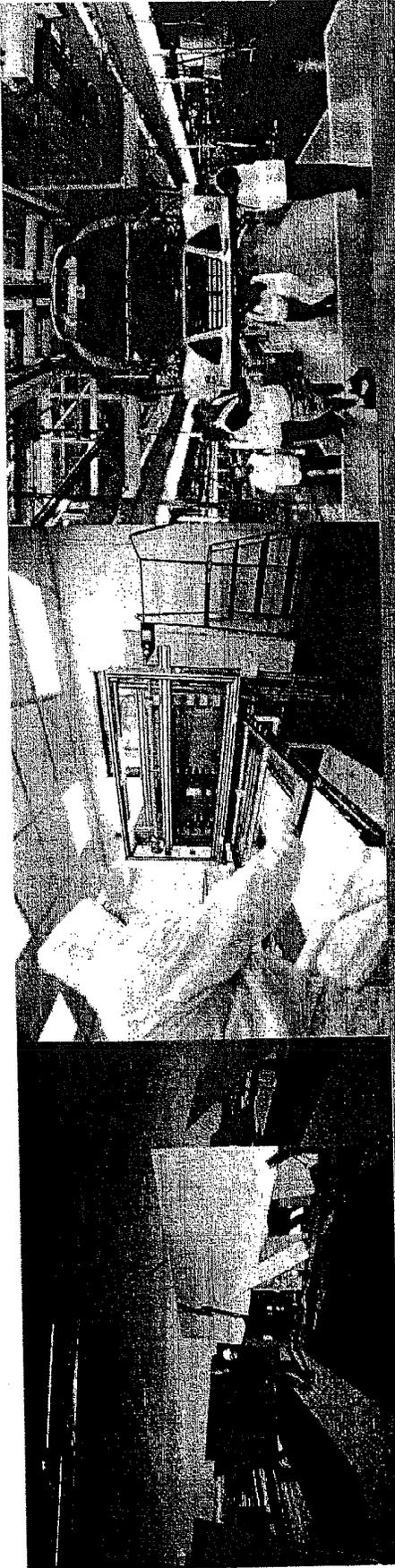
During the meeting, you will have an opportunity to verbally raise CEDA and any other thoughts on clean energy finance. You have a lengthy pre-brief scheduled on Monday morning to discuss that aspect of the meeting.

Please let us know what you think - the WH has asked that we send a draft early afternoon so they can review and make any necessary changes to get in the President's book for the weekend.

Brandon Hurlbut
Department of Energy
Office: 202.586. [REDACTED]
Cell: 202.281. [REDACTED]

12/2/2011

JMS-002220



An Overview of the DOE Loan Programs

Energy.gov



U.S. DEPARTMENT OF
ENERGY

LOAN PROGRAMS OFFICE

Current Status of the Loan Programs

- DOE Loan Programs represent the largest single source of debt financing for clean energy projects in the U.S. (public or private)
 - Supports power generation and manufacturing projects in renewable energy, nuclear, advanced fossil, and automotive industries
- Committed over **\$34 billion** in loan guarantees and loans to **37 projects**
- Created or saved **68,000 jobs** across **37 states and DC**
 - Plus possibly over a hundred thousands of indirect supply chain and indirect support jobs
- Demand for financing far exceeds Programs' financial resources
 - Almost six hundred applications seeking more than \$250 billion in financing
- Almost all of the Programs' renewable energy funds **expire on Sept. 30th**
 - Treasury's 1603 cash grant program is also expiring at the end of this year
 - The U.S. will be left with no federal programs able to meaningfully facilitate the deployment of clean energy at commercial scale
 - This is in stark contrast to our global competitors, particularly China, who continue to devote new and vast government resources to clean energy financing



ENERGY | **LOAN PROGRAMS OFFICE**

Where do we explain the credit subsidy for 1705 loans and some 1703 loans are an “insurance expense” carried on the Treasury ledger? When the loan is repaid with interest, no dollars are spent.

The Value of the Loan Programs

- DOE Loan Programs support innovative, commercial-scale energy projects
 - These projects create jobs, expand the domestic supply chain, and drive down the cost of clean energy
- DOE financing enables companies to build projects that would not otherwise get built
 - There is a well-documented lack of private debt financing available for the type of “first-of-a-kind” and large-scale clean energy projects the Loan Programs support
- A relatively small amount of funding allows DOE to guarantee a very large amount of debt - and to support an even larger amount of total investment
 - \$2.4B in ARRA funds expected to support \$19B of debt for \$32B worth of projects
- DOE expects that **all loans will be repaid** (unlike grants or tax credits)
 - DOE’s engineers, attorneys, and project finance experts conduct comprehensive financial and technical due diligence, over several months, before committing funds
 - DOE’s costs to operate the renewable and nuclear programs are paid by applicants
- When loans are repaid, the benefits - including the creation of tens of thousands of new jobs - will have been obtained at little cost to taxpayers

Loan Programs' Achievements to Date

In addition to creating or saving *direct* 68,000 jobs, DOE-financed projects will:

- Produce enough clean energy to power nearly 2.5 million homes
- Save approximately 282 million gallons of gasoline annually
- Avoid, annually, the same amount of CO₂ emissions that 4 million cars produce each year

Projects supported to date include:

- The world's first commercial-scale cellulosic ethanol biorefinery
- Six solar and wind manufacturing projects, including two that will rejuvenate previously shuttered auto facilities in Ohio and Indiana
- The first two electric vehicle manufacturing facilities in the U.S.
- The world's largest wind farm
- Several of the world's largest solar generation facilities
- The first-ever national energy project, which will put solar panels on commercial rooftops across twenty-eight states
 - Achieves the Administration's 2015 solar panel pricing goal today
- The first nuclear power plant to be built in the U.S. in the last three decades

Cape Wind

- The vast majority of funds available to DOE for renewable energy projects were provided under the Recovery Act and expire on September 30, 2011
 - DOE expects to use all funds that are subject to expiration by that date
- DOE recently put on hold more than **forty projects** that were otherwise eligible for these funds, but not far enough along to meet this deadline
 - If completed, these projects would create **over 20,000 direct, new jobs**
 - These projects include **Cape Wind**, which was not sufficiently developed from a financial perspective to reach financial close by Sept 30th
- While DOE does have \$170 million that does not expire on Sept 30th, this amount is not sufficient to support a project of Cape Wind's proposed size
 - The FY12 budget requests \$200 million in new funding, which would allow DOE to guarantee an additional \$2.0 to \$3.0 billion in loans
 - Cape Wind, alone, is seeking a \$1.5 to \$2.0 billion loan
- DOE is working with DPC and Cape Wind to explore other options
 - One option may be another type of DOE loan guarantee that would require the company to pay a substantial upfront fee

USEC's American Centrifuge Project (ACP)

- NSC Deputies Committee identified benefits of an indigenous industrial-scale uranium enrichment capacity
 - Supports the President's nonproliferation and Prague agenda
 - Enhances domestic supply chain for nuclear industry
 - Addresses national security needs (tritium and HEU production)
- ACP is the only industrial project in development that uses domestic technology, and USEC has applied for a \$2 billion loan guarantee to support it
- There are significant obstacles to providing a loan guarantee to USEC
 - Poor financial condition of USEC and technology uncertainty
 - Estimated up-front cost of the loan greatly exceeds USEC's ability to pay
- Agencies are collaborating on an expedited review of options for domestic industrial enrichment, including:
 - Whether loan guarantee for ACP is appropriate given its financial challenges;
 - Whether there are options other than a loan guarantee to support ACP; or
 - Other options to develop industrial-scale enrichment using domestic technology

Jonathan Silver

From: Peter O'Rourke [redacted@gmail.com]

Sent: Thursday, June 16, 2011 10:16 AM

To: jonathan@redacted.net

Subject: Re: amp

BofA called me, and I just let them know that we won't know for sure until this afternoon.

I do have some more info, however, that I can discuss by phone with you.

P

On Thu, Jun 16, 2011 at 10:12 AM, Jonathan Silver <jonathan@jonathansilver.net> wrote:

Might consider telling them that in dc nothing is ever completely over. Lpo will need to step back/down if I'm right about the outcome, but any noise they, or others, want to make can cause new things to happen.

Having said that, I really would think hard about not calling them until you have something to tell them. If it was me, I simply wouldn't make the call until after the meeting.

When you call, let them know that my guess that it was worth waiting was predicated on a thursday meeting with the addition of some more neutral folks in the room. That's didn't happen. The cos office set it for tuesday and they weren't there.

Jonathan Silver

cell: 202 309- [redacted]

jonathan@redacted.net

From: "Peter O'Rourke" <[redacted@gmail.com]>

Date: Thu, 16 Jun 2011 06:12:57 -0400

To: jonathan@redacted <jonathan@redacted.net>

Cc: Matt Winters <[redacted@gmail.com]>

Subject: Re: amp

I'm not betting against you, already pissed off, don't want to lose yet again on this deal... This process is so messed up, it is professionally embarrassing.

...I need to tell bofa this AM that while this project is important, we will have to wait until 3pm to hear that it's killed or whatever.

You have a spare room in hawaii...

Peter O'Rourke

On Jun 16, 2011, at 4:46 AM, "Jonathan Silver " <jonathan@redacted.net> wrote:

No, actually my bet is its worse. It will be solomonic, but actually cut the baby in half.

11/21/2011

JMS-002145

We can do it, but only what we can do in 3 years.

He will say he thinks its interesting and worth doing, but its too big and too long, and zeints will have convinced him that 280m is not enough to create a secondary market. He knows it can't get done by sept 30, but that's ok, because if we shrink it, he will approve it for 1703.

Oh, and get cape wind done by sept 30. That's more important to the president.

100 bucks says I'm right. I have no inside info. Want to bet?

J

Matt, you can take a piece of the action, too, if you want.

Jonathan Silver

cell: 202 309-
jonathan@.net

From: "Peter O'Rourke" <@gmail.com>

Date: Wed, 15 Jun 2011 21:10:45 -0400

To: <jonathan@.net>

Subject: Re: amp

Yeah, that should be fun... "Obama Administration kills X gigawatts of solar less than one week after President's Sunday Morning address about solar energy..."

On Wed, Jun 15, 2011 at 9:05 PM, Jonathan Silver <jonathan@.net> wrote:
Plus, wait til they kill all the first solar deals.

Jonathan Silver

cell: 202 309-
jonathan@.net

From: "Peter O'Rourke" <@gmail.com>

Date: Wed, 15 Jun 2011 21:02:36 -0400

To: Jonathan Silver<jonathan@.net>

Subject: amp

to add insult to injury, Chu asked for a 2:45 meeting tomorrow with deal team re Amp... so we have to wait another day to be told it's dead. this is a joke.

Jonathan Silver

From: Peter O'Rourke [redacted]@gmail.com]
Sent: Tuesday, June 14, 2011 7:57 PM
To: jonathan@[redacted].net
Subject: Re: Amp

They said they 'like the project', just too long and as a result not consistent with ARRA. We showed how other deals are that long and other programs are that long. But that was early on so not sure daley will remember.

Daley was engaged and interested. He was interested in learning about the deal.

They brought zero stats to use against us.

Lew and I spoke afterward. He said that bloom feels we haven't provided full info to bloom's questions. And that he knows we all think they are trying to kill program but he is just 'protecting the president'. Rather odd discussion with him.

Peter O'Rourke

On Jun 14, 2011, at 7:49 PM, "Jonathan Silver " <jonathan@[redacted].net> wrote:

- > Were they actively opposed? Did they bring out stats? What was daley's body language?
- >
- > -----Original Message-----
- > From: Peter O'Rourke
- > To: Jonathan Silver
- > Subject: Amp
- > Sent: Jun 14, 2011 1:35 PM
- >
- > Meeting was fine, but we left the WH and the others guys don't have to leave. So we just don't have the last word.
- >
- > Chu was fine, but got confused a few times. I tried to keep conversation going. Chu probably thinks I was aggressive. Dan and Brandon thought I wasn't.
- >
- > We should know tonight or tomorrow.
- >
- > Peter O'Rourke
- >
- > Jonathan Silver
- >
- > cell: 202 309-[redacted]
- > jonathan@[redacted].net

Jonathan Silver

From: Peter O'Rourke [redacted]@gmail.com]

Sent: Wednesday, June 15, 2011 9:11 PM

To: jonathan@[redacted].net

Subject: Re: amp

Yeah, that should be fun... "Obama Administration kills X gigawatts of solar less than one week after President's Sunday Morning address about solar energy..."

On Wed, Jun 15, 2011 at 9:05 PM, Jonathan Silver <jonathan@[redacted].net> wrote:

Plus, wait til they kill all the first solar deals.

Jonathan Silver

cell: 202 309-[redacted]

jonathan@[redacted].net

From: "Peter O'Rourke" <[redacted]@gmail.com>

Date: Wed, 15 Jun 2011 21:02:36 -0400

To: Jonathan Silver <jonathan@[redacted].net>

Subject: amp

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11/21/2011

JMS-002144