

Congress of the United States

Washington, DC 20515

June 12, 2024

The Honorable Jennifer Granholm
Secretary
U.S. Department of Energy
1000 Independence Ave., S.W.
Washington, D.C. 20585

Dear Secretary Granholm,

We write to express our strong support for the Department of Energy's (DOE) Loan Programs Office (LPO), whose track record of success in accelerating the domestic and commercial deployment of innovative and advanced clean energy projects continues to help the United States address climate change and remain globally competitive. As our country continues to implement historic clean energy incentives enacted by Congress and pursue long-term decarbonization goals, the LPO's work will remain essential in spurring private investment in innovative industries from which all Americans will reap benefits for generations.

The LPO was created in 2005 as part of a law passed by a Republican Congress and signed by President George W. Bush. Since then, the LPO has provided capital to early-stage technologies and businesses that would not otherwise be able to access private capital markets. To the extent those companies could attract private capital, it was often through structures that required entrepreneurs and founders to give up equity control. The LPO by contrast has provided affordable debt and has performed careful diligence to minimize default risk and deliver consistent returns to the American taxpayer.

The LPO's nearly two-decade history is filled with successful examples of its work to protect and create American jobs while boosting industry innovation and security. LPO loans and loan guarantees have contributed to American success stories in the automotive sector, nuclear power, carbon capture, advanced fossil energy, energy efficiency, renewable energy, hydrogen, storage, critical minerals, clean fuels, and electricity transmission. In the wake of the 2008 financial crisis, the LPO issued billions of dollars in loans to save the American automotive industry, helping iconic American companies avert bankruptcy while saving countless American jobs. In 2010, the LPO issued a half-billion-dollar lifeline to Tesla, whose Model Y is now the best-selling car in the world.

More recently, the LPO backstopped financing for the Southern Company to build the first new nuclear reactors in the United States in more than three decades. The LPO has also issued billions in loans to help expand the production of electric vehicles, construct advanced battery manufacturing plants, and build the first-of-its-kind utility-scale solar power plant. In all these instances, the recipient companies repaid their loans or loan guarantees in full, either on time or ahead of schedule, while generating a return for the American taxpayer. In addition, nearly every U.S. state has received infusions of capital from the LPO, providing direct economic benefit as well as a multiplier through expanded supplier networks and subsequent growth. The LPO serves as an example of how smart policy can uplift all Americans regardless of where they reside.

Some have pointed to the 2011 bankruptcy of solar panel manufacturer Solyndra as justification to curtail the LPO's lending authority or eliminate the office altogether. It should be noted, however, that even with the Solyndra loss on its balance sheet, the LPO's success outweighed its losses and, by the end of 2014, had recouped its losses and collected more than \$30 million in profit on its cumulative portfolio. We would

challenge the LPO's critics to identify any venture capital or private equity firm that has achieved a net return on assets with purely debt-based investments. It also bears noting that China also uses its balance sheet to boost national champions, but couples these investments with predatory market tactics and tight control over critical supply chains. The LPO provides a useful pro-market and moral counterweight to nurture and grow US businesses in the industries of the future.

To date, the LPO has made \$34 billion of investments and collected nearly \$5 billion in interest income. Meanwhile, the LPO has written off just \$1 billion of that \$34 billion investment. Let's put those numbers in context: the LPO has realized just 3% in losses but earned back five times that number just on the interest income from the remainder of the portfolio. This compares quite favorably to the commercial banking sector, exceeds the success rates of venture capital investments in the clean energy industry, and does so with an investment portfolio that neither is able to serve. LPO-financed projects have created almost 47,000 permanent jobs, generated over 104 million megawatt-hours of clean electricity, and resulted in more than \$50 billion in total project investments. In short, the LPO is spurring technological innovation, creating American jobs *and* delivering a return for the American taxpayer.

The LPO is providing tremendous value for our economy and the taxpayers, it fills a critical gap in our capital markets, and it is helping build a clean technology industry that is the envy of the world.

The DOE's Loan Programs Office is an American success story.

Sincerely,



Sean Casten
Member of Congress



Julia Brownley
Member of Congress



Nikki Budzinski
Member of Congress



Kevin Mullin
Member of Congress



Ed Case
Member of Congress



Ted W. Lieu
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Darren Soto
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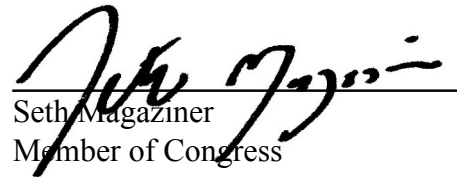
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Member of Congress



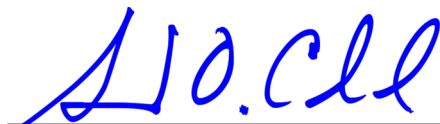
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Member of Congress



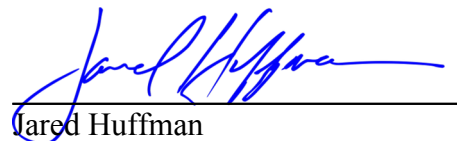
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