

Status Update – Department of Energy Advanced Technology Vehicle Manufacturing (ATVM) Loan Program


In addition to the Title XVII Loan Guarantee Program, DOE's Loan Programs Office administers the Advanced Technology Vehicle Manufacturing (ATVM) Loan Program, a direct loan program established pursuant to Section 136 of the Energy Independence and Security Act of 2007. To date, DOE has funded five loans under the ATVM program totaling \$8.399 billion. Four of the five loans were issued prior to April 2010, including a \$5.9 billion loan to Ford, a \$1.4 billion loan to Nissan, a \$529 million loan to Fisker Automotive, and a \$465 million loan to Tesla. The ATVM Program is not subject to an expiration date, and, depending on the industry's ability to prevent current efforts to rescind ATVM's funding, the program may continue to be a viable means for financing innovative vehicle technologies (both those that are currently eligible under the rule and, possibly, expanding the rule to include technologies that are not currently eligible, such as advanced fleet vehicle applications).

Background and History. Under the ATVM Program, automobile manufacturers or advanced vehicle automobile component manufacturers are eligible to obtain direct loans from DOE for projects that reequip, expand, or establish manufacturing facilities in the United States that produce "ultra efficient vehicles," passenger automobiles, light duty trucks, or associated components that meet DOE's emission and fuel economy standards for "advanced technology vehicles."

The authorizing legislation for ATVM provided a \$7.5 billion appropriation to cover CSCs for issuing up to \$25 billion in loans. In May 2011, Congress reallocated \$1 billion in ATVM Program funding to the Department of Homeland Security's Federal Emergency Management Agency as part of a disaster relief fund. Accounting for the effects of this offset and the five loans that have closed, it is estimated that at least \$2 billion remains available to cover the CSC for eligible projects.

In addition to meeting project eligibility criteria, an applicant must be determined by DOE to be financially viable without receipt of additional federal funding associated with the proposed project. The principal amount of the loan may not exceed 80 percent of reasonably anticipated total project costs, and the term of the loan may not exceed the lesser of the projected life of the proposed project or 25 years.

Future Opportunities. DOE continues to accept applications for loans under the ATVM Program on a rolling basis and, unlike the Title XVII Program, CSC funds are available to support new projects that have not yet applied. Nonetheless, remaining unused CSC funds may be subject to additional rescissions during congressional budget negotiations as lawmakers seek opportunities to offset new government spending with cuts to existing government programs.



As it stands today, the ATVM Program is restricted to supporting advanced vehicle technologies under 8,500 pounds. This weight limitation restricts the ability of the program to support fleet vehicle applications. There is a precedent, however, for expanding the program to accommodate vehicles not originally eligible under the Final Rule of the ATVM Loan Guarantee Program. An example of another useful expansion would be to lift or increase the weight limitation so as to accommodate fleet vehicles.

A significant market for advanced technology fleet vehicles currently exists in both the United States and abroad, as many of these vehicles are cost-competitive when fuel savings throughout the life of the vehicle are taken into account. Expanding the ATVM Program to accommodate fleet vehicles could help support a sector with significant potential, as well as eliminate additional attacks on the program's appropriations.

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