



**The Secretary of Energy**  
**Washington, D.C. 20585**

September 4, 2008

The Honorable John D. Dingell  
Chairman  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your August 4, 2008, letter regarding the Advanced Technology Vehicles Manufacturing Incentive Program authorized by section 136 of the Energy Independence and Security Act of 2007.

Section 136 authorizes the Department of Energy (DOE) to provide facility funding awards and a total of up to \$25 billion in direct loans to assist automobile manufacturers and component suppliers in their efforts to engineer and manufacture advanced technology vehicles and qualifying components.

The Department strongly supports the expansion of United States manufacturing for advanced vehicle technologies that promise increases in fuel efficiency, use of non-petroleum fuels, and lower environmental impacts. This includes exploration of approaches that can accelerate the implementation of measures to support battery and vehicle manufacturing initiatives for advanced vehicle technologies. DOE's support includes a recently announced solicitation under the Department's Title XVII loan guarantee program that invites applications for various types of projects including those involving production facilities for fuel efficient vehicles ([www.lgprogram.energy.gov](http://www.lgprogram.energy.gov)).

Section 136 requires that DOE issue regulations setting forth certain requirements in order for manufacturers to be eligible for an award or loan under this new program, and DOE is working on a notice of proposed rulemaking to establish those regulations. In accordance with section 136, we anticipate this notice will propose a fuel economy baseline and procedure for determining whether an automobile manufacturer has improved the fuel economy of its fleet. The Department will carry out the section 136 award and direct loan programs following completion of the rulemaking and subject to the availability of appropriated funds - which as you know have not been appropriated by the Congress or requested by the President. We note that section 136 requires the authorized loans to be made by the Federal Financing Bank, and therefore DOE's



final regulations will need to comply with both section 136 and with all other applicable legal and administrative requirements, including relevant circulars on Federal credit programs issued by the Office of Management and Budget pursuant to the Federal Credit Reform Act of 1990.

We recognize the benefits for the Nation to be derived from the development and commercialization of advanced vehicle technologies and look forward to working with your office to achieve this goal. If you have any questions, please contact me or Ms. Lisa E. Epifani, Assistant Secretary for Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Bodman", with a long horizontal flourish extending to the right.

Samuel W. Bodman