SUPPLEMENT TO LOAN GUARANTEE SOLICITATION ANNOUNCEMENT

FEDERAL LOAN GUARANTEES FOR PROJECTS THAT EMPLOY INNOVATIVE ENERGY EFFICIENCY, RENEWABLE ENERGY, AND ADVANCED TRANSMISSION AND DISTRIBUTION TECHNOLOGIES

REFERENCE NUMBER: DE-FOA-0000140
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SUPPLEMENT DATE: MAY 30, 2012

The above-referenced Loan Guarantee Solicitation Announcement (the "Solicitation") is supplemented as set forth below (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Solicitation):

Prior to the September 30, 2011 expiry date of the Section 1705 loan guarantee program, DOE suspended review of a number of Applications under the Solicitation based on DOE's determination of their readiness to proceed in light of such expiry date. DOE is now ready to proceed, under the Section 1703 loan guarantee program, with further evaluation of those Applications (the "Relevant Applications") where the Project Sponsors have expressed to DOE on or prior to April 27, 2012 their interest in continuing such evaluation. This Supplement sets forth the criteria for DOE's further evaluation of the Relevant Applications.

Appropriations and Credit Subsidy Costs

Under the Department of Defense and Full-Year Continuing Appropriations Act, 2011, P.L. No. 112-10 ("FY 2011 CR"), Congress made available $169,660,000 in appropriated funds to pay the Credit Subsidy Costs of loan guarantees for renewable energy or efficient end-use energy technologies. An additional $1,500,000,000 in loan guarantee authority, where the applicants are obligated to pay the Credit Subsidy Costs for qualifying loan guarantees, is available under the FY 2011 CR and the Omnibus Appropriations Act, 2009, P.L. No. 111-8, as amended by Section 408 of the Supplemental Appropriations Act, 2009, P.L. No. 111-32. The Consolidated Appropriations Act, 2012, P.L. 112-74, amended Section 1702 of Title XVII to provide that DOE may combine an appropriation of Credit Subsidy Cost with a direct payment from the Borrower to cover the total Credit Subsidy Cost of a loan guarantee. Given the limited resources available, DOE intends to limit the amount of appropriated Credit Subsidy Cost that may be available to any single qualified project. Furthermore, DOE may require any portion or all of the Credit Subsidy Cost for a loan guarantee to be paid by the Borrower. Any required Credit Subsidy Cost that is not funded by appropriated funds must be paid by the Borrower in full at closing.

Initial Screening Criteria

DOE will evaluate the Relevant Applications using the following initial screening criteria:

1. *Innovation*: Consistent with Congress's mandate for the Section 1703 program, DOE will only consider projects that employ New or Significantly Improved Technology that is not a Commercial Technology;

2. *Readiness to Proceed*: DOE will identify financially viable projects that are positioned to move efficiently and prudently through the conditional commitment approval process and to financial closing. In evaluating the financial strength of projects, DOE will consider, among other things, the financial strength of the Project Sponsor, the status of revenue generating agreements, the level of equity committed to the project, the level of loan guarantee reliance[1], and the level of completion risk;

3. *Federal Support*: Subject to limited exceptions, DOE will not be able to issue loan guarantees to projects that will benefit directly or indirectly from certain other forms of federal support, such as grants or other loan guarantees from federal agencies or entities (including DOE), Federal agencies or entities as a customer or off-taker of the project's products or services, or other federal contracts, including acquisitions, leases and other arrangements, that support the project (see Sec. 1425 of the FY 2011 CR). In addition, DOE may consider a project's potential impact on portfolio risk concentration factors such as technological diversification and geographical diversification; and

4. *Additionality*: DOE will view unfavorably projects that, at the time of such evaluation, could be fully financed on a long-term basis by commercial banks, institutional investors or the capital markets without a federal loan guarantee.

DOE will also evaluate Relevant Applications based on the following weighted criteria:

- *Cost-effectiveness of GHG Reduction or Avoidance (50%)* – Consistent with Congress' mandate for the Section 1703 program, projects will be scored based on their expected reduction or avoidance of greenhouse gas ("GHG") emissions. Metrics for this criterion include the project's cost per ton of GHG reduction or avoidance and the proposed guaranteed loan amount per ton of GHG reduction or avoidance.

- *Support for Clean Energy Jobs and Manufacturing (50%)* – Projects will be scored based on the technology's ability to be replicated in the marketplace beyond the proposed project; the technology's potential contribution to enhancing the U.S. manufacturing sector; and the projected direct job creation associated with the project.

  Metrics include:

  - The upfront investment cost; the availability of feedstock; and ability to use relevant intellectual property;

[1] DOE will view more favorably projects that rely upon a smaller guarantee percentage (based on total project costs), all else being equal.

- The extent to which the deployment of the technology will support U.S. manufacturing; the prospects for exporting the technology; the efficiency of the process technology; and the cost of the technology; and
- The number of direct construction jobs projected to be created divided by the estimated total project cost and the number of direct operations jobs projected to be created divided by the estimated total project cost.

For each project, a combination of applicant and industry data will be used to assess performance on each criterion. Those assessments will then be used to establish a composite score for that project.

Selection for Due Diligence and Loan Underwriting Phase

Due to the limited resources available, applicants should be aware that DOE is constrained in terms of the number of projects that may proceed to the due diligence and loan underwriting phase of the loan guarantee process. In selecting projects to proceed to the due diligence and underwriting phase, DOE will consider each project's evaluation under the initial screening criteria and its composite score.

Applicants selected to enter into the due diligence and loan underwriting phase will be notified by DOE in writing. Applicants that are not initially selected to enter into the due diligence and loan underwriting phase and are not denied as notified by DOE in writing will remain eligible for future consideration (unless they choose to withdraw), with the possibility of being selected in the future if, for example, another applicant withdraws or is put on hold or if additional loan guarantee authority becomes available.

Applicants should refer to the Solicitation for more details about DOE's due diligence and loan underwriting process.

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Because material risks and issues may be identified during the due diligence and loan underwriting phase and the terms and conditions of any proposed transaction will have to be negotiated, there can be no assurance that any project will ultimately be successful in obtaining a conditional commitment or loan guarantee.

Because loan guarantee authority will be utilized as transactions close, there can be no assurance at the time a particular transaction may be ready to proceed that there will be sufficient remaining loan guarantee authority for DOE to issue a loan guarantee for such transaction. Also, because appropriated funds will be applied to Credit Subsidy Costs as transactions close, depending on when a particular transaction closes, there can be no assurance that appropriated funds will be available at that time to pay the Credit Subsidy Cost for such transaction in part or in full.

As such, readiness and ability to proceed to financial closing in an efficient and timely manner can be a significant factor in projects being able to receive a loan guarantee under DOE's limited loan guarantee authority or to receive appropriated funds to pay Credit Subsidy Costs.

Applicants should also note the following:

(1) All projects involving construction work financed in whole or in part by a loan guaranteed under Title XVII are required under Section 1702(k) of Title XVII to comply with the Davis Bacon Act.

(2) Applicants are responsible for paying the fees and expenses of DOE's independent consultants and outside legal counsel. Please see Section IV.C. of the Solicitation. Any outstanding invoices from DOE's independent consultants or outside legal counsel must be paid before the project may continue in DOE's process. In some cases, a retainer to cover such fees and expenses may be required.

(3) Applicants are also responsible for paying certain fees to DOE. Please see Section VII.A. of the Solicitation.

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