



David G. Frantz  
Deputy Executive Director  
Loan Programs Office  
U.S. Department of Energy  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

September 9, 2013

**Re: Taxpayers for Common Sense Comments on Department of Energy's Draft Solicitation for Advanced Fossil Energy Projects (July 9, 2013)**

Dear Mr. Frantz:

Thank you for the opportunity to comment on the draft solicitation for advanced fossil energy projects under the Title XVII Department of Energy Loan Guarantee Program. Taxpayers for Common Sense (TCS) is a non-partisan budget watchdog serving as an independent voice for American taxpayers. For more than a decade TCS has worked to achieve a government that spends taxpayer dollars responsibly and operates within its means.

Given the current fiscal climate, increasing reliance has been placed on federally backed loan guarantees as a vehicle to fund private enterprise. Because these types of loans mask the true cost of certain programs and create future financial liabilities for taxpayers, it is imperative that any loan guarantee program proceed with extreme caution. Specifically, TCS is concerned that the structure of Title XVII will lead to additional defaults and taxpayer losses, if it proceeds without significant reform. Under the current structure, the Title XVII Loan Guarantee Program has to the authority to guarantee up to 80 percent of total project costs which could easily run into the billions of dollars while weakening taxpayers' right to first lien in the event of a default.

The original solicitation for fossil fuel projects failed and we believe this new proposal will open taxpayers up to even greater risks because of its kitchen sink approach. The new solicitation is so broad that projects from resource extraction to energy efficiency and CCS integration can apply. This will make for an even more cumbersome review process and could lead to greater taxpayer exposure.

In nearly five years, not a single federal loan guarantee has been finalized as a result of the 2008 advanced fossil energy solicitation. The draft advanced fossil energy solicitation would represent the sixth solicitation under the Section 1703 loan guarantee program without finalizing a loan guarantee. As of January 2013, nearly every applicant from the 2008 solicitation had been deemed 'inactive' by the Department of Energy. Among the rationales for this failure were record low natural gas prices and the inability to bring commercially viable carbon capture and sequestration (CCS) technology to market. Neither of these scenarios has changed significantly enough to warrant a new solicitation. While a small number of fossil fuel technologies have flourished since the last solicitation due to predominantly private development, the same market conditions continue to exist today making many technologies unworthy of investment.

The 2008 advanced fossil energy solicitation applied to a relatively small number of fossil fuels and project types. These included coal-based power generation and industrial gasification with CCS technology and advanced coal gasification projects. The draft solicitation would expand the eligible fossil fuels to include any and all fossil fuels. Further, the draft solicitation would expand eligible project types to include “any part of the full lifecycle of fossil energy development” and apply to both electrical generation and non-electrical projects.

At a time when Congress and the federal government are attempting to rein in spending and federal taxpayer risk across the board, Taxpayers for Common Sense is concerned that offering an expanded advanced fossil energy solicitation could result in billions in federal losses.

We urge DOE to withdraw the solicitation until it is demonstrated that taxpayers can be protected, as required under the original Title XVII statute.

Thank you for taking our comments into consideration. If you have any questions, please contact me at (202) 546- 8500.

Respectfully,

A handwritten signature in black ink, appearing to read "Autumn Hanna". The signature is fluid and cursive, with a long horizontal stroke at the end.

Autumn Hanna  
Senior Program Director